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OVERSIGHT OF THE FEDERAL PUBLIC TRANSPORTATION ASSISTANCE PROGRAM, THE STATE OF PUBLIC TRANSPORTATION IN THE NATION, AND A RECOMMENDED NEW BLOCK GRANT CONCEPT

("*New Thinking About the Federal Role . . .*")

REPORT

BY THE

SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES

MAY 1982

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LETTER OF TRANSMITTAL

APRIL 28, 1982.

Hon. JAMES J. HOWARD,
Chairman, Committee on Public Works and Transportation,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: As you know, the Subcommittee on Investigations and Oversight has been examining the federal public transportation assistance program over a period of several months. Oversight hearings were held during the first session of the 97th Congress.

I am pleased to forward to you the attached report that summarizes the results of that effort and which contains a major recommendation pertaining to the federal program.

I hope you will find our work to be thoughtful, objective, and of timely benefit to you and the Committee on Public Works and Transportation.

With best wishes, I am

Very truly yours,

ELLIOTT H. LEVITAS,
Chairman, Subcommittee on Investigations and Oversight.

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I. Introduction

The oversight activities of the Subcommittee on Investigations and Oversight suggest 1981 may be regarded as a watershed year for public transportation. There were several developments, none of which singly constituted any major redirection, but the cumulative effect of which indicated urban mobility may be better provided in the years ahead by modifying old assumptions and habit patterns.

In 1981, Congress reduced federal transit assistance from a level of $4.7 billion [1] to approximately $3.5 billion for 1982, the first significant decrease in the 17-year history of the program.

Increasing deficits caused transit systems throughout the nation to eliminate service, raise fares, and harden their responses to the demands of their employees and the riding public. Overall, transit ridership declined 3.4 percent, reversing an uptrend of several years.

President Reagan proposed a major modification of the federal program, including the elimination of federal operating assistance by 1985.

Testimony received by both Investigations and Oversight and the Subcommittee on Surface Transportation suggested elements of the federal program itself may be inhibiting development of the most rational responses to current urban transportation problems. New thinking about the federal role is not only appropriate, but essential.

The purpose of this report [2] by the I/O Subcommittee is to summarize some of the pertinent findings of the oversight process and to recommend new initiatives that hold reasonable promise for improving the state of urban public transportation in the years ahead.

It is more accurate to state the task confronting the Congress as one of assuring "urban mobility" rather than simply improving the state of public transportation. The structure of the federal program and the health of conventional bus and rail systems are only two of several interrelated considerations in this broader objective.

II. General Observations

Five general observations constitute the frame of reference for our findings. They are:

(1) While still popularly called *local* public transportation, responsibility and accountability have become so diffused among various levels of government as to raise questions about who really is in charge. More "local" needs to be put back into local public transportation.

(2) The traditional view of public transportation is no longer sufficient. It may be comfortable to think of mitigating the growing

[1] Includes Interstate transfers.

[2] While endorsing the report in general, not every member agrees with all of the specific findings and conclusions and reserves the right to differ with elements of the report when public transit legislation is considered by the Committee on Public Works and Transportation and the House of Representatives.

urban mobility problem by reestablishing the modal options of a bygone era or duplicating the responses found in other cities around the world. Policymakers will be guilty of colossal oversimplification and self-delusion if they so circumscribe their thinking. There *are* lessons to be learned from the past and from others. But history does not provide many examples of opportunities recreated or responses replicated. For the most part, this nation must make better use of transportation infrastructure and investments already in place.

(3) In altering the federal program, a strenuous effort is required to minimize the mere transfer of economic hardship or other detrimental impacts. Since tradeoffs abound, certain transfers may be unavoidable. Fare increases to reduce operating deficits, for example, almost always have a more severe impact on riders at the lower end of the income scale. The most compelling arguments for change are those offered in the name of accomplishing the greatest good for the greatest number and educating the public to understand that purpose. One witness appropriately observed that Americans and their policymakers too often are uninformed about complex interrelationships and preoccupied with short-range victories. Can parochial interests and competitive instincts be minimized?

(4) Inflation, the federal budget deficit, local financial problems, the uncertain energy picture, and general public disillusionment with the large, well-intentioned endeavors of government will continue to constrain *any* federal program.

(5) Dramatic changes in the way in which Americans achieve urban mobility are not in the offing except as they may be induced by such unpredictable externalities as a shut-off of foreign oil. Incremental improvements are achievable in several areas. They should be aggressively pursued.

III. Who Is To Blame?

Subcommittee hearings over the past two years sought insights into some of the critical financial and operating problems that confront transit systems nationwide. Bus systems in a number of small and medium-sized communities in particular are poised to resume the slide toward oblivion experienced by their privately-owned predecessors. Subway and commuter rail service has deteriorated noticeably in the older rail cities. Several troubling questions can no longer be ignored.

Why have operating deficits soared to unmanageable levels?

Has transit's labor force, protected by outmoded work rules and federal statutes, selfishly undercut efforts to improve the productivity and efficiency of the conventional modes?

Are there prevailing misconceptions about the social benefits that transit can achieve?

Are certain mobility opportunities, such as greater resort to ridesharing and private sector initiatives, discouraged by a national preoccupation with transit in a traditional sense?

One cannot discuss the future of conventional public transportation without carefully examining the role of the work force. Accounting for 70–75 percent of operating costs nationally, labor is a critical factor in controlling runaway budgets. Labor simply must be used more efficiently, particularly where outmoded work rules still apply. But it is also true that labor has become the scapegoat for many of transit's difficulties. Deferred maintenance, for example, is usually a policy

decision by transit boards, who choose this cost-cutting option over actions that might more visibly inconvenience constituents.

Bus and rail systems have to a very substantial degree been buffeted by circumstances beyond their control—inflation, the relentless preference of the traveling public for the private automobile, continued urban sprawl, high energy costs, and special federal requirements. A Department of Transportation study found that between 1973 and 1978, an increase in national operating costs from $2.5 to $4.7 billion was attributable:

63.8 percent to general inflation; 13.3 percent to wage and fringe benefits exceeding inflation; 12.3 percent to service expansion; 6.2 percent to additional employees over those needed for service expansion; and 4.3 percent to increases in fuel costs over those attributable to inflation and service expansion.

Conventional transit is labor intensive, and will remain so for the foreseeable future. As the American Public Transit Association aptly has observed, the shift toward the greater use of buses—accounting for 68 percent of all person trips by transit in 1980 compared with 32 percent in 1940—has required a larger relative labor force. It generally takes more people to operate and service buses than trains, especially some of the complex vehicles that have been put into service in recent years.

Paratransit options, including greater use of taxicabs and increased ridesharing, are seen by some as the wave of the future. These strategies may be even *more* labor intensive. They need not be more labor expensive, however, and therein lies a major area of potential gain—and controversy.

IV. The "Political" Environment

Much more will be said about the labor problem, including the labor protection language in Section 13(c) of the federal law. But the oversight process spotlighted an even more important contributor to inefficiencies in local public transportation, and *that is the politically-controlled environment in which transit, now largely a "public" service, is required to operate.* It is not system managers who largely control transit's destiny. It is political leaders at the federal, state, and local levels, and the administrative-regulatory apparatus put in place by the political system. That control is exercised both directly and indirectly.

A management analyst who has performed dozens of transit management audits over a period of several years estimated that the best transit managers can effect only a 5–10 percent improvement in productivity. "Public officials, not transit managers, make the key decisions regarding . . . expenditures, deficits, and productivity," he testified.

It takes 12 percent more person hours to generate a mile of transit service today than it did 10 years ago. One of the reasons is the fact that so many of the employees of transit systems are not directly concerned with putting vehicles in service or passengers in the seats of those vehicles. Rather, they are concerned with various peripheral social objectives emanating from federal, state and local levels of government.

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Public transportation has become a blurry endeavor, with multiple, often changing objectives, no standardized measure of performance (it can even be considered presumptuous to use such terms as "productivity" and "efficiency"), and poor accountability. Even such a fundamental management prerogative as eliminating service on an under-utilized bus route can result in the contentious, protracted interplay of local financial, political and regulatory considerations.

The chairman of ATE Management and Service Company, which manages transit systems in 51 U.S. cities, said his managers used to spend 95 percent of their time actually managing the system. Today they spend less than 50 percent.

EXHIBIT

TRANSIT IN THE 70's

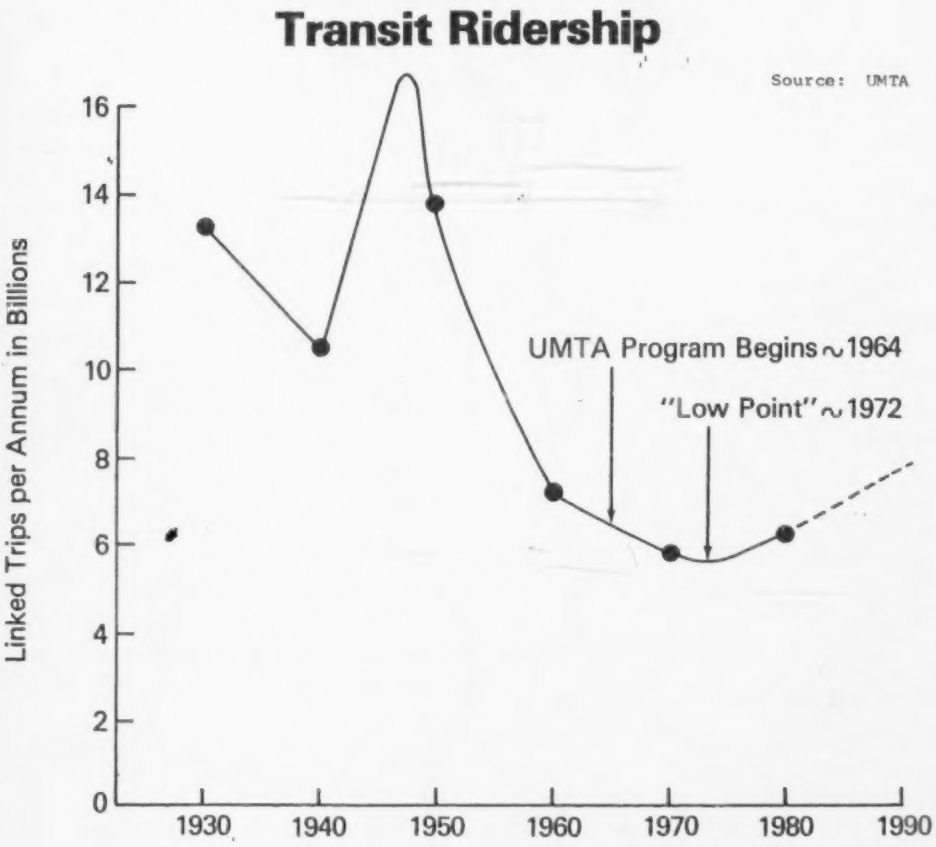
KEY ISSUE	MESSAGE	DECISION MAKER
Labor	• Don't Take a Strike	Public Officials
	• Insure Equitable Compensation	
Fares	• Don't Increase Fares	Public Officials
Service	• Improve and Expand	Public Officials
Land Use	• Laissez - Faire - Improve Local Tax Base	Zoning Boards/ Public Officials
Financing	• Don't Increase Taxes	Public Officials

Source: Peat, Marwick

Dr. Alan A. Altshuler, an M.I.T. political scientist with both an academic and practical background, pleaded for the development of a "consensus" among the public and political leaders to let transit managers manage, to reemphasize the basic purpose of public transportation, and to arrest the trend toward it becoming even more of a "political football."

Transit management is poor, Dr. Altshuler contends, but not uniquely poor. It is rather that public management in the United States generally is poor, because public managers rarely have a clear idea of what they are trying to do. In the private sector, periodic earnings reports stand as stark measure of management's performance. But which of several special yardsticks is to prevail in measuring the performance of a "public" manager?

As long as public transportation remains in the public sector, with tax funds used to purchase capital equipment and subsidize operations, political influences are inevitable—even desirable. The Subcommittee sees progress as a matter of degree, of incremental but decided movement in the direction of maximizing professional management, minimizing the influence of non-transportation factors, restraint on the part of politicians, the education of the public, and clearer accountability at the local level.



V. Federal Influence

Since the mid 1960s, the federal government has provided more than $24 billion in capital and operating assistance to urban public transportation systems. When federal aid was initiated in 1964, privately-owed companies were in serious distress. Hundreds literally had gone out of business or were faced with that imminent prospect. Today's service and ridership levels do not strike the Subcommittee as particularly impressive given the substantial governmental intervention, but one can rightly ask where the nation would be without it.

The record shows transit ridership bottomed out at 5.2 billion passenger trips in 1973, climbing back to an estimated 8.2 billion by 1980,

although changing definitions have somewhat clouded all of this claimed improvement. Vehicle miles of service have risen from 1.7 billion in 1972 to just over 2 billion today. Last year saw a small decline in both measurements.

Federal action to rescue a transportation sector in decline paradoxically may also have created the conditions and circumstances that inhibit the versatility and adaptability needed for that sector to flourish in today's fast-changing world. Testimony in oversight hearings raised some very troubling questions, for example, about incentives to "waste" capital created by 80 percent federal capital grants, about the tendency to evade hard local decisions when the U.S. Treasury pays 30–40 percent of *all* operating expenses as it does in some small systems, and about the labor-protection language written into the law 18 years ago when public takeovers *did* threaten the jobs and security of the private labor force. Washington has become an often unseen but deeply sensed presence that inordinately influences the course of events in local transportation.

The result, according to a researcher from the Urban Institute, is for local officials "to play games to benefit most from the existing program." He was not alone in this judgment.

Robert Duncan, former chairman of the House Transportation Appropriations Subcommittee, declared: "If the federal government assumes all or too much of the costs, there is an erosion of local responsibility resulting in overinvestment, unwise investment, and no or reduced incentives for efficient operations . . ."

The local planning process, too, can be distorted. How many times has the mere "availability" of federal categorical funds, or the political influence in Washington to trigger a large Section 3 grant, caused the local planning process to "prefer" a capital intensive option?

Louis J. Gambaccini. New Jersey commissioner of transportation, decried the "inanity of having a substantial flow of funds available in a category where in our state there is not a priority need, but having a dearth of funding in another category."

Describing a study by the General Accounting Office that showed transit operating deficits, given current trends, could be expected to increase from $3.5 billion in 1982 to $6 billion in 1985, an official of the General Accounting Office noted: "The intent of the Congress and the intent of everybody administering the program (originally) was to hold fares down, and there was not too much concern with cost controls and productivity. So really, what is called for now, I think, is a redirection . . ."

The ATE chairman urged a reshaping of the Federal program to "give local systems as much latitude as possible in the use of appropriated funds." Witnesses singled out Federal requirements to accommodate the elderly and handicapped, the Section 13(c) labor protection requirement, the Buy America provision, and even statutes to protect the interests of local charter and school bus operators as contributing to local costs and inefficiency.

The president of the Transport Workers Union, commenting on the disparity between 80 percent Federal capital grants and Federal operating assistance usually at levels well under 50 percent, said: "In my judgment, this is an obvious incentive to buy rather than repair." Other non-labor witnesses unanimously agreed with his conclusion.

The subcommittee's effort has not shown waste and inefficiency to be concentrated in the operating assistance program. Transbus, the "White Book" setting specifications for advanced design buses, new rail starts questioned on cost-benefit grounds, a highly unpredictable equipment procurement process, a moribund domestic equipment manufacturing sector, capital investments that often have favored affluent suburbanites over the inner city poor, and the over-promotion of complicated technology by the Urban Mass Transportation Administration all have been encouraged by the circumstances of Federal *capital* assistance. The record of past subcommittee hearings stands as clear evidence in this regard.

And yet the Federal role has never been one of tight management control that affirmatively *caused* these things to happen. With a staff of fewer than 600 persons, UMTA has been hardpressed to keep track of the flow of capital grants, operating assistance projects, and the scores of outlays made annually for research and development, demonstrations, and training. In 1980, the agency processed 498 operating assistance grants and 223 capital grants, with some of the individual capital grants representing dozens of projects. In one regional office, two individuals were responsible for overseeing 136 projects involving 31 properties. An official in another regional office candidly admitted to subcommittee investigators that the regional office had to treat the Federal assistance program as a block grant program because of the limited number of persons available for project oversight.

Another 94 urbanized areas were identified in the 1980 census as being eligible for inclusion in the UMTA section 5 (operating and bus capital) program. They will be added to the list of 279 already eligible.

The General Accounting Office repeatedly has complained about a lack of monitoring and auditing of multimillion dollar federally-aided projects. One popular description of UMTA is that it performs the functions of a bank teller, doling out Federal cash, rather than an investment banker who might analyze whether an outlay should be made in the first place.

And in making large disbursements out of the Section 3 discretionary capital fund for new rail starts and even the modernization of old rail systems, UMTA personnel have had the especially sensitive task of recommending to the DOT secretary who shall be the chosen few—and for what reasons. Some of this decision-making has been taken out of the Agency's hands in recent years by the increasing tendency of the Congress, through both the authorizing and appropriations process, to "categorize" spending out of Section 3 and Section 5. Critics maintain this categorization has not always led to the most sensible use of federal funds in specific local communities.

VI. Questionable Assumptions

This is not to minimize the substantial positive aspects of the federal program. It clearly has accomplished much of great value. There is little question that most state and local authorities would like the flow of federal funds to continue unabated. But at the same time there is acknowledgment that the nation's financial/budgetary situation has reached crisis proportions and the picture will remain grim so for the

foreseeable future. In short, there is no escaping from the necessity of looking at various federal programs in a fundamental sense.

Strong reservations about the proposed termination of operating assistance were expressed during Subcommittee hearings. There is particular concern about what this may mean in an industry with a long history of deferred maintenance. Maintenance is an operating expense, normally claiming about 20 percent of the local operating budget. In older cities with heavy rail systems, the maintenance percentage is usually closer to 30 percent.

In 1980, the then Subcommittee on Oversight and Review issued a report culminating an investigation into UMTA's technology development and equipment procurement programs subtitled, "Do We Know What We're Trying To Do?" That question continues to haunt the federal effort, becoming all the more timely in a period of dwindling resources.

The Subcommittee believes it is time to face the fact that federal transit law may well state or imply certain assumptions about public transportation that today's realities call into question.

One must not minimize the role of conventional transit. Indeed, there is unanimous recognition that bus and rail transportation must be continued and improved. But transit's capabilities must be viewed in perspective. To achieve a significantly larger share of the modal split it must compete for a greater share of national resources in a period of relative resource scarcity, threatening inflation, and a federal spending pattern that is heavily oriented toward national defense and satisfying various social entitlements.

For a decade, it has been stated federal and often local policy to maintain low fares for users (as an incentive to win new riders) to cater to high-cost peak period demand, and to encourage the provision of a transit alternative in almost *all* circumstances. Still, Americans today utilize public transportation for only about 4 percent of their daily trips, 6–8 percent of all work trips. The 1980 census reported the use of public transportation for work trips actually declined 10.6 percent during the 1970s.

In spite of this modal breakdown, many cities are at or near peak period saturation. There is not much more that existing transit capacity can achieve without major adjustments in the work hours and work days of the U.S. labor force. Despite all of the problems besetting the U.S. auto industry, the reduced pace of building and repairing highways and bridges, and the higher costs of gasoline, the automobile remains king, overwhelmingly, of the mobility scene.

Either by inclusion in the language of the federal law, or by inference and popular repetition, a body of thought has evolved to the effect that the support of conventional transit has been essential *everywhere* to achieve "national" objectives of saving energy, cleaning up the environment, encouraging more sensible land use, and providing a minimum level of mobility for those for whom the private auto has not been available. The record of recent years does not confirm much as to accomplishment—or even future potential—given the massive dimensions of the auto dependence already established.

The Department of Energy testified in earlier Subcommittee hearings, for example, that a doubling of mass transit ridership, even if

it could be achieved, would save only 100,000 barrels of oil a day in a nation that consumes 16 million daily.

Air quality gains in recent years are attributable more to emission control devices on motor vehicles, controls on stationary sources, and the changing mix of fuels than any detectable switch in the modal preference of Americans.

There is little evidence that the public is opting for higher density residential development or in-filling central cities to any substantial degree. Compact development generally benefits ridership and the operating ratios of bus and rail systems. The "trading off" of transportation and housing costs for work trips still sees the balance tilted in favor of buying less expensive homes in the distant suburbs. Eighty percent of the homes that will exist in 1990 exist today.

In a macro sense, the renewed commitment to public transportation has not been successful in altering the trends that have prevailed since World War II. Perhaps too much has been expected. It is unfortunate that the federal transit program too often has been promoted on the basis of exaggerated expectations and claims.

THE BIG CITY PERSPECTIVE

Where transit is of unquestioned, vital importance is in the nation's largest cities. Eighty percent of the work force travels to their jobs on public transportation in downtown Chicago and New York. According to a recent APTA survey, 64 percent of the work force enters the Philadelphia central business district by transit. Other percentages are-Washington, D.C. 38, Atlanta 40, Seattle 50, Cleveland 50, and Pittsburgh 60. The high peak and off-peak levels of transit usage in such cities as Boston and San Francisco is well known. In Minneapolis and Los Angeles, too, public transportation hauls a volume of riders that keeps urban streets and freeways from choking in auto traffic. How many people realize that Los Angeles' SCRTD operates 2,100 buses that carry 1.3 million passengers daily?

In a manner that is unpretentious and usually underestimated, public transportation is interwoven with the very fabric of most large U.S. cities, and has been for decades. In many cases there are few or no alternatives to this public conveyance. Even to promote car and van pooling, as attractive as these money-saving strategies loom in this nation's transportation future, can in some cases only entice persons out of higher density buses and railcars—with the attendant consequences for traffic congestion.

In smaller cities, too, transit is indispensable for major segments of the population, such as the poor, certain school children, the low-income elderly, and blue collar workers in factories without adequate parking. Of all urban residents, about 28 percent do not own cars. Of persons 65 or older, 31 percent do not own automobiles. In the Birmingham, Alabama, metropolitan area, a 1977 survey showed 83 percent of the users of the public bus system did not own a car or have a driver's license. Sixty percent had family incomes under $5,000. For these groups, in cities of all sizes, it is often public transportation or nothing at all.

Public transportation obviously must remain a vital and effective public service. The federal program must not retreat from that reality. But the Subcommittee believes that the federal program can best contribute to the nation's needs by emphasizing less and less the so-

called "national" purposes of the program, which are minimal, and emphasizing more and more the specific aspects of local necessity. The Subcommittee comes to this conclusion not from some prefixed ideological notion, but rather by dispassionately examining the record of its extensive oversight.

LOCAL TAILORING

The record of Subcommittee hearings in 1980 and 1981 shows clearly that those who have thought deeply and analytically about urban mobility, and the role of conventional transit, see an evolution of both conventional and nonconventional strategies. The specific actions to be taken depend primarily upon *local* circumstances. Initiatives that are appropriate in one community may make little sense in another. Ridesharing generally looms as having tremendous potential. During the morning and evening peak periods, there are 150 million empty seats in automobiles and other private passenger vehicles, while public transportation offers only 2.6 million seats, most of them already filled. Car and van pools *can* help reduce the peak period demand for conventional service. But ridesharing should be coordinated into a local transportation strategy and not blindly pursued.

The same can be said for a whole array of so-called TSM (Transportation System Management) strategies, including better traffic control, exclusive lanes for high occupancy vehicles, computerized signals, staggered work hours, "flex" time, better parking management, coordinated transportation and land use, various pricing incentives, user subsidies and transportation brokering. The future in urban public transportation is all of these things, plus others that imaginative communities will originate.

Americans cannot be coerced back into systems that were popular 30–40 years ago, even if these systems today had the additional capacity to respond. Prof. James Dunn, of Rutgers University, a student of public transportation worldwide, contributed an observation that probably comes as close as any to stating the modern day conceptual framework for the Congress and the American citizenry:

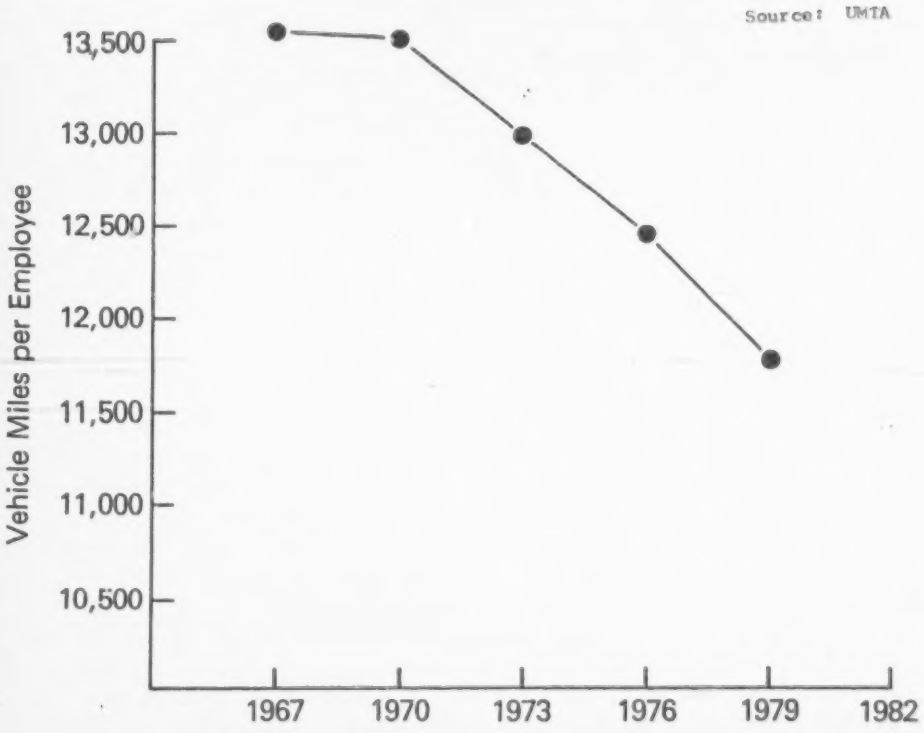
> Perhaps the most important lesson that the European experience of the last 10 or 15 years teaches is that it is easier to maintain a high quality urban public transportation system than to rebuild one. This is true both in the physical sense of renewing track, signals, rolling stock and bus shelters, and in the psychological sense of renewing the habit of relying on public transportation for mobility. Once people's travel habits, location decisions, and living patterns adjust to doing without public transportation, it is extremely difficult to win them back. Europe's timing was lucky in this regard and America's much less so.
>
> But in the 1970s, public investments in urban transportation systems began to pay off with substantially increased ridership. If, through severely restricted capital and operating subsidies, we in effect turn our back on the progress that has been made, it will be even more difficult to regain lost ground in the future.

How best to carry out that mandate in a period of financial retrenchment is the challenge, the critical challenge, of the moment.

VII. The Labor Issue

Depending on who you talk to, transit's labor force is (1) the fundamental cause of transit's present financial/productivity woes or (2) a convenient scapegoat unfairly blamed for problems of multiple causation. There are elements of truth in both positions.

Transit Productivity



UMTA Administrator Arthur Teele displayed tables showing transit wages increased 160 percent during the period 1967 to 1980, while the Consumer Price Index was increasing 146 percent. Transit workers were doing better than the rate of inflation, right?

Wrong, rebutted TWU President William G. Lindner. He presented charts that showed the average minimum pay of bus drivers in four large U.S. cities, which he claimed could be extrapolated to include transit employees in large cities nationally, had increased 151 percent between 1967 and 1971, compared with an increase of 175 percent in the CPI's in the four cities.

There was disagreement, too, between Teele and the transit union spokesman over whether the pay of transit employees in recent years had outstripped that of policemen, firemen, and other public employees.

Professor Altshuler testified that the "best" study that he had seen showed that of a $2.4 billion increase in transit operating costs between 1967 and 1976, 28 percent was due to wage and fringe benefits over and above the rate of inflation and 9 percent to increases in employment beyond those required to provide expanded service. The DOT study cited earlier showed roughly comparable figures.

With so much conflicting data, and the use of different base periods and definitions, it has been difficult for the subcommittee to arrive at incontrovertible conclusions about how well or how badly the transit labor force has fared and the implications for transit's balance sheet.

The American Public Transit Association, whose 300 members often find themselves in an adversarial role with labor, chose to focus on the

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five-year period 1975–80. In actual dollars, transit labor costs increased 55.8 percent during that period, while the CPI went up 53.1 percent. Noting that the number of transit jobs had increased 18 percent during that same period, in short, more people were on transit systems' payrolls, APTA concluded "overall the compensation of employees in the transit industry is not out of line."

SUBCOMMITTEE VIEWS

The Subcommittee believes the most accurate conclusion that can be drawn is that the transit labor force did relatively better than other workers in the period 1967–75, a "catch up" period after the lean final days of the private businesses. But in the mid 1970s that relative advantage disappeared and transit workers since that time have fared approximately the same as other public employees and the industrial work force in general. As might be expected, substantial variations exist from city to city.

In the expenditure of both federal capital and operating dollars, the Subcommittee believes local authorities generally have been too complacent and timid in attacking a wide range of wasteful and ineffective practices, not all of them of federal origin.

How can the federal taxpayer, for example, be expected to react to reports that some bus drivers and train operators in one large system have retired on annual pensions that exceed their salaries. This has been possible because of generous overtime pay in the final year of employment, on which pensions are calculated.

Or how does one interpret the fact that in large transit systems, those operating 1,000 or more vehicles, fringe benefits for employees consume 29 percent of all operating dollars. In smaller systems, those with fewer than 25 vehicles, fringes claim only 12.2 percent of all operating dollars. Are workers in large systems more deserving or entitled to fringe benefits than their counterparts in smaller systems?

Or how about passenger train engineers who have provided commuter service into one large eastern city at average annual salaries of $33,500, often working only four hours a day? This is the result of outdated work rules, locked into place by local contracts and federal law.

These kinds of distortions and inequities can no longer be tolerated. All levels of government must become more aggressive in eradicating special privilege and waste, or be held accountable for failing to do so.

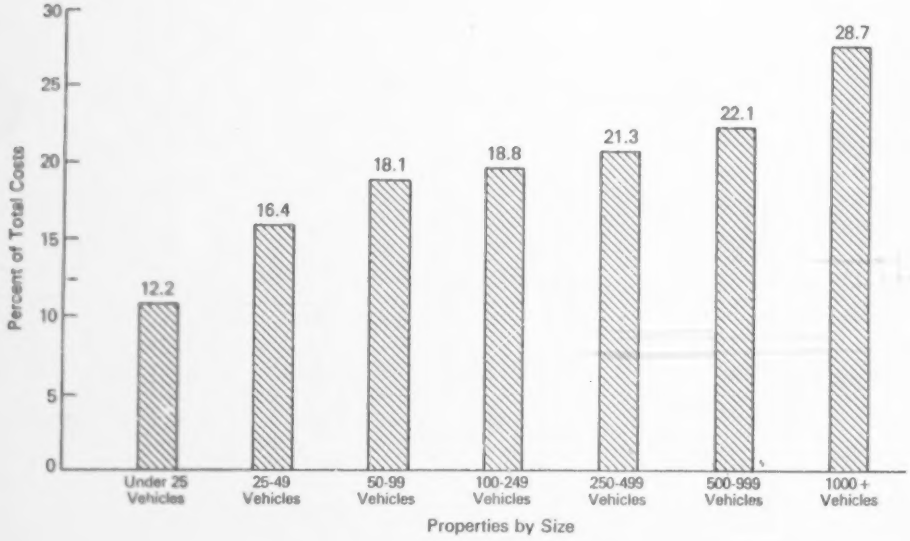
Inflation has been the scourge of the operating ledger in recent years. As might be expected, workers in some systems have done better than others in keeping pace with inflation.

According to statistics provided by the Amalgamated Transit Union, a bus driver in Atlanta received a top rate of $10.34 in 1981, representing a loss to inflation of only 1.5 percent over a four-year period. A bus driver in Chicago, the best paid in the entire industry, received a top rate of $12.41, experiencing a loss to inflation of only 2.7 percent over the previous four years. On the other hand, a bus driver in Buffalo was receiving $8.96 an hour, with a 12.4 percent loss

to inflation, and in Detroit bus drivers were receiving $9.38 a hour, which represented an 18.7 loss to inflation over a four-year period. A 1981 contract agreement between the city of Detroit and its transit union, incidentally, called for a two-year wage freeze in exchange for a two-year ban on layoffs.

Fringe Benefits as % of Operating Costs

Source: UMTA



In recent months, the severe financial situations in a number of cities have forced labor unions to make a number of concessions. Cost-of-living clauses have been "capped." Productivity improvements have been required for higher salaries. System managers have become less willing to pay overtime. The use of part-time labor is now permissible in about 40 percent of all U.S. systems.

Prevailing economic thought suggests the decade of the 80s will be a difficult one for those charged with the responsibility of paying for public services of a broad description. It will remain a matter of necessity to seek economies at every turn, and among all the claimants for public transportation's operating dollars. If there ever was a vision of days of wine and roses, that vision should by now be dispelled. For everyone.

Compromise and accommodation, some of which may be unpalatable to the labor force and to management, are what collective bargaining is all about. It is the belief of the Members that local collective bargaining should take place in an atmosphere where local realities can be faced head-on and as devoid as possible of external influences. It is in a sense ironic that the Chicago transit system, long recognized as the most generous in paying its labor force, was gripped in the most severe financial crisis of any American city as 1981 drew to a close.

PERCENTAGE CHANGE IN TOP OPERATORS' RATES, SEPTEMBER 1977 TO SEPTEMBER 1981

[Adjusted for inflation]

City	September 1981 rate	September 1977 rate	4-yr percentage change	4-yr percentage change,[1] adjusted for inflation
Atlanta	$10.34	$6.92	49.4	−1.5
Denver	10.73	7.20	49.0	−1.8
Sacramento	10.63	7.18	48.1	−2.4
Chicago	12.41	8.41	47.6	−2.7
Minneapolis/St. Paul	10.92	7.44	46.8	−3.2
Milwaukee	10.13	6.90	46.8	−3.2
Los Angeles	10.71	7.35	45.7	−3.9
Washington	11.31	7.78	45.4	−4.2
Portland	11.03	7.60	45.1	−4.3
San Francisco	10.805	7.4625	44.8	−4.5
Pittsburgh	10.97	7.60	44.3	−4.8
San Jose	11.58	8.03	44.2	−4.9
Long Beach	10.23	7.18	42.5	−6.1
Cleveland	10.56	7.43	42.1	−6.3
St. Louis	10.40	7.36	41.3	−6.8
Baltimore	10.705	7.585	41.1	−7.0
Oakland	11.49	8.19	40.3	−7.5
Cincinnati	8.98	6.49	38.4	−8.8
Seattle	10.31	7.54	36.7	−9.9
Buffalo	8.96	6.74	32.9	−12.4
Boston	11.0475	8.3725	31.9	−13.0
New York	9.515	7.2525	31.2	−13.5
Indianapolis	8.2275	6.30	30.6	−13.9
Newark	9.85	7.59	29.8	−14.4
Philadelphia	8.6277	6.80	26.9	−16.4
San Diego	10.545	8.43	25.1	−17.5
Kansas City	9.038	7.32	23.5	−18.6
Detroit	9.38	7.61	23.3	−18.7
BART	10.85	8.95	21.2	−20.1

[1] CPI–W for September 1977 equals 184; CPI–W for September 1981 equals 279.1.

ATU Research Department, Union contracts and records; BLS. Source: Amalgamated Transit Union.

Testimony before the subcommittee documented higher than average levels of absenteeism and workmen's compensation claims among bus and railcar operators. Absence levels regularly run 50 to 200 percent higher than in the industrial work force in general or in the private transportation sector. One federally-funded study showed 27 percent of all Federal operating assistance in 1978 went to cover the cost of operator absenteeism, which obviously can contribute significantly to operating costs and deficits.

It is significant that an expert witness identified a correlation between the frequency of work accidents and workmen's compensation claims with the availability of benefits: the more generous the available benefits, the more employees will succeed in claiming them.

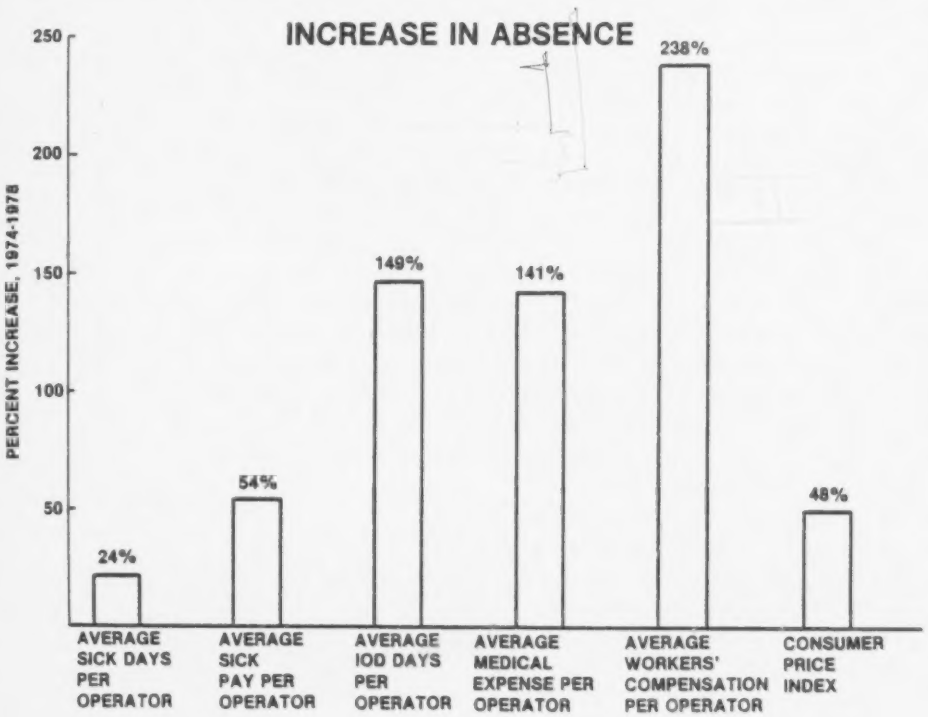
This is not necessarily intended to suggest anything improper in the behavior of 185,000 American transit workers. The subcommittee heard much persuasive testimony to the effect that driving a bus, for example, is a high stress, high risk occupation. Transit workers should be regarded as an integral part of the American labor mainstream, behaving like other workers, and accordingly should be treated like other workers.

There is one important distinction. They are "public" employees. Therefore, they should be included in a local policy framework that applies to other public employees. Special consideration for transit workers based on transit's "private" past, an era that ended 10–15 years ago, is increasingly hard to justify in the year 1982.

A fairly compensated and satisfied work force is important to transit's future because transit is and will remain a labor-intensive industry. Even new state-of-the-art light and heavy rail systems have not been successful in substituting technology for human effort. Often it is merely a different type of occupational skill that is required, such as electronics engineers, computer programmers, and guards for trains and rail stations. Smaller vehicles popular in paratransit operations will still require drivers and mechanics.

There is no disagreement with the fact that the productivity of transit workers in providing a vehicle mile of service or a passenger mile of service has been in a downtrend for some time. Some of the reasons have already been discussed. The labor force of even old line transit authorities, some of them quite small, can include such job titles as those of urban planner, grant processors, and equal opportunity officer. While none of these individuals are directly concerned with transit operations, it is not to say they do not provide useful services. In fact, they are essential services given the complex, politically-dominated environment in which public transportation has operated.

Cost-effectiveness and efficiency, however, have become important priorities for every level of Government. It is essential that a greater effort be directed at making transit systems work better as transit systems. All transportation resources simply must be used more efficiently in the future.



THE SECTION 13(C) FACTOR

In labor-management relations, the two biggest items of controversy have been the automatic cost-of-living adjustments and the requirements for compulsory arbitration incorporated into labor-management contracts, especially in cities of 125,000 and above. Most of them are a legacy of transit's private sector past or the transition from private to public ownership. They have been locked into place by the labor protections assured under Section 13(c) of the Urban Mass Transportation Act of 1964. Section 13(c) states:

> It shall be a condition of any assistance under Section 3 of this Act that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or returning programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to section 5(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended. The contract for the granting of any such assistance shall specify the terms and conditions of the protective arrangements.

The Section 13(c) protections subsequently were expanded to cover federal operating assistance and even demonstration projects.

With administration of Section 13(c) in the Department of Labor, a situation has existed in which administration of the federal law has been split between two federal agencies. The Department of Transportation has, in fact, been precluded from having a labor policy of its own. In instances where DOT and local transit authorities have wished to emphasize the *transportation* aspects of a submitted project, the DOL has frequently stood as a counterforce, emphasizing the *labor protection elements*. Projects have gone forward only under various constraining conditions from a transportation standpoint.

The Subcommittee has long been concerned about the Department of Transportation's inability to issue formal regulations on federally-supported paratransit, which it first proposed in 1976. Organized labor has been a roadblock in finalizing those regulations. A federal paratransit policy itself is not so much the issue as the fact that the Section 13(c) requirement has become the major inhibitor to federally-assisted local transit systems becoming involved in projects deemed to be of great benefit locally. As APTA testified, Section 13(c) plays "a powerful role in shoring up the position of organized labor within the transit industry." The perpetuation of wasteful work rules in bus, rail, and commuter rail operations also is traceable to Section 13(c) and/or the continued applicability of the Railway Labor Act.

To carry out its statutory responsibility, the Department of Labor routinely receives all applications for assistance by local authorities. The application is processed through the national headquarters of the labor unions, who in turn contact their local unions about the potential impact on workers. Procedural guidelines have been issued by the Department of Labor.

The oversight process frequently has turned up the complaint by transit managements that DOL approval has been withheld for inordinate time periods to extract concessions from transit managements and local politicians. The word "blackmail" has been used more than once. This is denied by top union officials. "If we found one of our locals using 13(c) in such a way, we would take steps to stop it," the TWU president testified.

UMTA'S PERSPECTIVE

But there is no denying that Section 13(c) has become a formidable external factor in local collective bargaining, at times giving both sides an excuse for not confronting difficult issues ("it's really out of our hands!") and reinforcing labor with a weapon of "national" scope. Administrator Teele stated the issue this way [3]:

> The matter of Section 13(c) is an issue that does not readily admit of display through graphs and charts. The transit industry, as well as a variety of academic analysts and observers, feel that the current administration of this provision provides organized labor with an opportunity to achieve positive collective bargaining gains, when in fact the statute was intended merely to protect labor from harm.
>
> The statute, Mr. Chairman, is silent on the mechanism that can or should be employed by the Secretary of Labor as he goes about his task of determining that the interests of labor will not be adversely affected by a particular UMTA grant. What has developed is a system whereby the transit agency and the appropriate local unions enter into a full and formal collective bargaining situation and reach a negotiated agreement, the culmination of which is the union's signature on an affadavit for the Secretary of Labor. What often happens during these negotiations is that organized labor demands a quid pro quo from management for signing a 13(c) agreement. Many object to such a process on principle, and feel it places management in "double jeopardy." The unions can gain positive concessions just for agreeing to let management apply for a Federal grant.
>
> I am not prepared to tell you at this time, Mr. Chairman, exactly what the Reagan Administration will propose to do in the way offering correction to Section 13(c). Let me say that we do agree that Section 13(c) has become something it was never intended to be, and we are continuing to study the matter with the Department of Labor preparatory to reaching a policy determination.

Section 13(c) has become "a matter of principle." It is a philosophical question, an ideological one. Is the welfare of the local transit labor force a "national" question? If so, how are the nation's broadest interests best served? Top officials of the nation's two largest transit unions strongly defended the 13(c) provisions, noting that state laws that apply to public employee bargaining are very different in the kinds of protections provided, often prohibiting the right to strike, to require arbitration, and in some cases to bargain collectively.

The general counsel of the Amalgamated Transit Union noted that among contracts negotiated by his union in the past five years, 86.4 percent were negotiated without strikes or arbitration. Of the nation's 145 leading transit systems, 91 have interest arbitration today.

Rather than advocating repeal of Section 13(c), most witnesses—with the labor contingent one prominent exception—recommended administrative reforms of the Section 13(c) mechanism. To the Subcommittee, this seems the most reasonable course. It is not the law

[3] Statement made in June 1981. In April 1982, the Department of Transportation proposed to Congress that the administration of Section 13(c) be transferred from the Secretary of Labor to the Secretary of Transportation.

itself, but rather an evolving interpretation of the law, often going beyond what the Congress originally had intended, that is causing distortions in local labor-management relations.

WHOM TO TRUST?

The question must be asked outright: Is there any compelling reason why local authorities should treat transit labor unfairly, or differently, than teachers, firemen, police, or other categories of public employees? Is this nation so distrustful of the motives and actions of local authorities, responsible to local electorates, that they cannot be given clear responsibility for local labor-management relations? If that is so, something is seriously amiss in America today.

The Subcommittee believes the Department of Labor and the Department of Transportation should continue their effort to reach an accommodation over the issue of 13(c) that will return more of the responsibility for labor-management relations to the local level. The two departments, however, should retain authority to intervene and even to withhold federal funds if there are egregious examples of unreason and exploitation of the labor force. The Subcommittee realizes that "unreason and exploitation" are subjective concepts that lend themselves to varied interpretations. Their greatest meaning may take the form of "official" findings of the federal departments, available in a public and visible form to local citizens and local decisionmakers.

The stark economic realities confronting both workers and transit managements should serve to temper extreme positions. The words of former Congressman Duncan stand as a pungent reminder of what is at stake. He appealed for "enlightenment" of the public, the "education" of broad constituencies, and greater understanding of what public transportation is all about. Irresponsible actions, by labor unions or others, may only "hasten the demise of their (transit) modes," he warned.

VIII. Complex Interrelationships

An elaborate relationship exists locally between fares, ridership, service levels, labor costs, and the transportation options of individuals. Recently, too much of the discussion about public transportation has focused on simplistic theses that fail to recognize these complex interrelationships. We are told that fares are too low, transit employees are being paid too much, one class of rider is subsidizing another, too much "service" has been put on the street, maintenance has been deferred, and full accessibility for the elderly and handicapped is unaffordable.

The Subcommittee must ask who is in the best position to make judgments and to "fine tune" all of these interactions? If there are specific overriding concerns of "national" importance, what are they? The overly-generalized assumptions about transit are no longer sufficient.

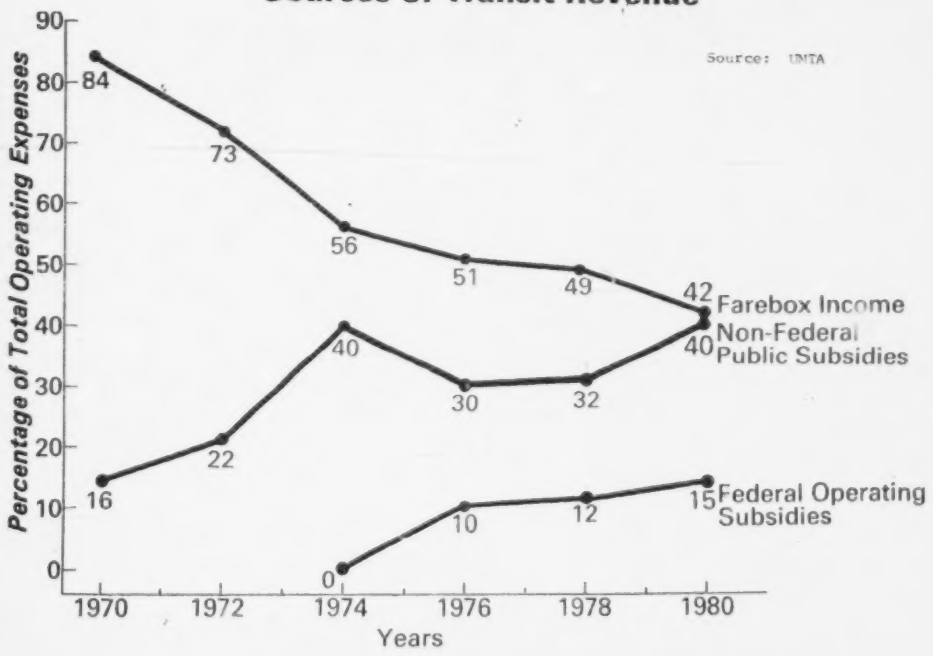
The most compelling question, from the standpoint of program oversight, is whether the federal program as presently constituted contributes inordinately to irrational decisions at the local level. Have there been predilections or biases which have steered public transportation along an unsustainable course, for which there must now be readjustments, some of them extremely painful?

FARE POLICY

Fare policy is worthy of special attention. Since 1970, the percentage of operating costs covered by fares nationally has declined from 84 to 43 percent. Fares purposely have been kept low to encourage ridership. The federal law was amended in 1974 to state that the termination of service "or the continued increase in its cost to the user is undesirable," especially because of the impact on lower income persons.

For this and other reasons, over a 13-year period ended in 1980, while expenses rose 248 percent, farebox income rose only 75 percent. Deficits soared and so did the need for operating subsidies. Federal operating assistance began in 1974.

Sources of Transit Revenue



The voracious appetite for subsidization collided with the tightening fiscal noose in 1980 and 1981, leading to fare increases in systems of all size, some of them substantial. In June 1981, the average adult base fare nationally was 45.8 cents, up 18 percent from the year before. Perhaps sharper increases are in the offing. Increasing fares may already have set in motion the historic pattern of reduced ridership, leading to declining revenues, leading to larger deficits, leading once more to higher fares. Based on incomplete statistics, ridership nationally declined about 3.4 percent in 1981, reversing a slow but steady climb of many years.

There is nothing per se "wrong" with low fares. If a community considers low fares desirable for its own reasons, and has a State/local revenue base that will subsidize low fares, that is a prerogative to which it should be entitled. The "national" question is whether the taxpayers of the United States should be asked to subsidize low fares

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in *some* communities while other communities require transit riders to pay more.

The Administration proposes to answer this question by phasing out Federal operating assistance by 1985. Strangely, it would continue to pay for transit equipment for local systems, providing 80 cents of the purchase price and exacerbating what already has been identified as a "capital bias" in the Federal program.[4]

Witnesses in the Subcommittee's oversight hearings strongly supported the continuation of Federal operating assistance. Such assistance today ranges from 6.5 percent of all operating costs in New York City to 35–40 percent in a number of small bus-only cities. Nationally, the Federal Government pays about 15 percent of all operating costs. One argument for continuing Federal operating aid is that the Federal Government, by beginning such assistance in the mid 70's, has now created a dependence that would cause serious hardship if withdrawn. The executive vice president of APTA suggested adoption of the Reagan transit package could mean the demise of up to 25 percent of the Nation's transit systems, especially in small and medium-sized cities.

CAPITAL ASSISTANCE: PREFERRED STATUS

Mr. Lindner's observation that 80 percent Federal capital grants create an incentive "to buy rather than repair" has been borne out by historic experience. Research that preceded creation of the Federal operating aid program by Dr. William B. Tye of Charles River Associates, Inc., and others, demonstrated that Federal capital assistance was encouraging local systems to discard buses prematurely.

Commissioner Gambaccini considered it ironic that the Federal Government was proposing to withdraw its support of maintenance in the Federal transit program at the same time the Federal-aid highway program was being expanded to pay for maintenance-type expenditures.

Those close to public transportation have long been concerned about the tendency by transit systems to defer maintenance, to "get by" from one budget cycle to another or from one financial crisis to another. There is usually no immediate, visible impact from trimming maintenance expenditures. The chickens usually come home to roost at some later date, when a new cast of characters may be in place.

As this report was being written, a special grand jury in Dade County, Fla., culminated a study of four years of bus operations in the Miami area with scathing criticism of maintenance and procurement practices. "Perhaps most importantly, the recent history of MTA (Metropolitan Transit Agency) has been characterized by a fixation upon capital equipment at the expense of attention to operational issues," the grand jury declared. "We have accumulated buses, garages, hardware in increasing quantities. Simultaneously, we have exhibited a startling inability to manage this equipment. The question which looms largest of all is whether we will perpetuate this tendency as we acquire and develop the Metrorail system." Metrorail is the 20.5-mile rail system now under construction in the Florida city.

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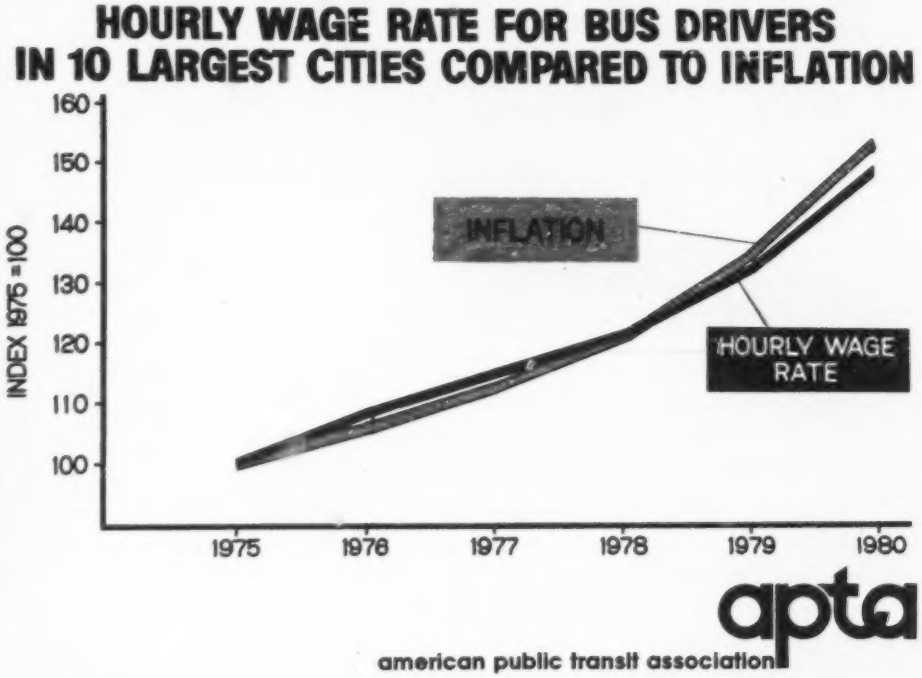
[4] The Administration's proposals of April 1982 contained a new capital formula program in which the matching ratio would be 75 percent federal, 25 percent local, instead of the traditional, and earlier endorsed, 80–20 split.

The Subcommittee does not cite this report to pick on Dade County. Rather, it wishes itself to pose the question of whether it is not time that official federal policy become responsive to the critical issue that the Dade County laymen have identified?



Because good maintenance has a long term perspective, there is often little interest in it among the political officials who prepare local budgets, according to Dr. Kay Inaba, an industrial psychologist who has studied the relationship between maintenance spending (underfunded), maintenance personnel (often under-skilled), and evolving new transit equipment (complex and hard to repair). Dr. Inaba called maintenance "the stepchild of a stepchild" and warned against any policy changes that would relegate it to an even lower status. The GAO, too, has identified deferred maintenance as one of the primary reasons for sharply increasing operating subsidies.

The Subcommittee's earlier hearings on technology development and equipment procurement documented how the widespread fascination with complex new equipment, paid for with 80 percent federal grants, had an obverse side of frequent breakdowns and high maintenance costs to keep vehicle fleets operating. It is instructive that many operators are today choosing to refurbish old buses rather than buy new ones. While not seen as a healthy development by U.S. bus manufacturers, such a course is of obvious benefit to strained local capital/maintenance budgets.

The federal government has played a dominant, but confusing role in establishing design specifications for transit equipment. The action of the Administration to eliminate both the "price offsets" and the "White Book" specifications for advanced design buses is commendable. It is time for more of these responsibilities to be returned to

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local authorities, with the understanding that if they prefer expensive, hard-to-maintain equipment, if they defer maintenance, if they perpetuate inefficiencies of any description, it is *their* constituencies that must bear the greatest share of that burden. By the same token, if they do a good job of providing and managing local transportation, both conventional and nonconventional, they, too, should more directly be credited with the benefits of that endeavor. Ultimately, local voters should pass judgment. Ideally, within the broad outlines of our socio-economic system, our democracy, isn't that the way things should work?

IX. A Strategy for Action

This is not to say that the federal government, with its record of preemptive taxation, can retreat from its financial responsibility for local public transportation, at least at this time in our history. What is needed is a more updated method of defining the federal role so that it is more supportive of effective "local" activities.

Value judgments will continue to abound in public transportation. Individuals of integrity and competence differ about what the federal program should be trying to do, its past record of achievement, and what realistically can be expected in the years ahead. But even among the strong advocates of conventional transit, it is generally conceded that programmatic reforms are needed. Waste and inefficiencies have been encouraged by transferring much of the funding responsibility to higher and higher levels of government, such as the federal government and regional authorities, while leaving operational control at the local level.

Probably the greatest enthusiasm for maintaining the present structure, and approximate funding levels, is among those who now find themselves at the front of the Section 3 discretionary capital assistance queue. Los Angeles, Honolulu, and Houston, for example, are strongly positioned among the candidates for 80 percent federal grants for new rail construction. Any revised federal program should accommodate to the maximum extent possible past commitments and inequities.

Since the present federal budget picture suggests the need for a leaner and more efficient federal program, one that is less preemptive and more supportive of what the "locals" themselves conceive, it is only logical that any proposed changes be as compatible as possible with those objectives. The Subcommittee on Investigations and Oversight frequently has criticized incoherent change that has been inflicted on federal programs of a broad range.

As mentioned, the proposal to phase out operating assistance by 1985 and continue only capital assistance does not appear to be a logical one. The evidence is, as Dr. Altshuler suggested, that locally "one cannot really segregate capital from operating requirements very well." Capital and operating money would remain fungible unless the most rigorous federal criteria were to be promulgated and enforced. This would amount to substituting federal regulatory intervention in one area while withdrawing it in others. Even federal main-

tenance standards or guidelines, as desirable as they may be conceptually, become almost impossible to administer and enforce.

It seems unwise to build any bias into the federal program. If local authorities are to be given the responsibility for transit, logic would dictate they should have maximum freedom to exercise that responsibility. There has been too much compartmentalism already.

Perhaps there is a lesson to be learned from some of the European nations. Professor Dunn noted that these nations generally have been more willing to give local governments revenues and revenue sources for public transportation, even to permitting these funds to be channeled through as "compensatory payments" to special users. In this country this is the concept of the "user side" subsidy, which has proved remarkably cost-effective in a limited number of UMTA-funded demonstrations. The purpose of compensatory payments or user subsidies is to remove from the transportation provider the responsibility for providing a special transportation service. Rather, those deemed eligible for special transportation assistance receive cash assistance or script directly and use it for rides on conventional service or to purchase transportation in the marketplace. Taxicabs thus can be brought under the broad public transportation umbrella, as a low-cost substitute for conventional service. This has already happened in some communities, for the elderly and handicapped and other special groups. Fares can be more easily adjusted upward if, for example, low-income persons are shielded from the full impact by receiving direct subsidies.

The Subcommittee is not necessarily advocating user subsidies or any particular use for federal assistance. That should be a local determination. But clearly the time is at hand to examine the federal program in a very fundamental sense to assure that it is paying for maximized transportation opportunity, rather than merely distributing new money against old ideas.

During the course of the hearings, one congressman observed that the nation may well be "entering a 3- to 5-year period where the most breathtaking thoughts may in fact be more practical than the most practical thoughts." Those words are worth contemplating as the federal transit program is debated in 1982.

BLOCK GRANT RECOMMENDATION

The Subcommittee respectfully suggests that this may be the time to reshape the federal assistance program around an entirely new concept. *Federal assistance should take the form of a single public transportation block grant to communities.* The grant would go directly to areas of more than 200,000 population, and to the state for distribution to cities under 200,000 and to rural areas, as under the present law.

The grant would be structured in such a way as to give states and localities maximum flexibility. The Subcommittee believes that the Federal government, as a general rule, should not tell a locality either how to spend its transit grant funds or under what conditions the

funds should be spent. Local responsibility should be a *genuine* local responsibility, with all the attendant opportunities and consequences for local decision makers; it should not be a timid, primarily rhetorical exercise.

To that end, the Subcommittee recommends that localities be able to use their block grants for both capital and operating expenditures which would, of course, include maintenance. Indeed, the support for this approach is nearly unanimous among the Subcommittee members if the grant is structured as a basically unrestricted block grant, i.e., a grant with an absolute minimum of federal conditions and requirements.

There is sentiment among some members of the Subcommittee for imposing some sort of cap on the amount of the grant that could be used for operating assistance. The members who hold this view strongly believe that to permit the federal grant to be used for both capital and operating assistance without limitation would abruptly reshape the federal program and could cause serious practical problems, especially if the grant were not structured along the lines of a basically unrestricted block grant. It would be possible, for example, for a community to use all of its federal grant for operating assistance, ignoring capital and maintenance needs, and undermining the very long-range perspective among local decisionmakers that this report seeks to encourage. One approach, these members believe, would be to limit the grant to capital and maintenance purposes as a practical necessity in getting from where we are to where we some day hope to be.

In any case, no local matching share would be required. Moreover, federal approvals on a project-by-project basis would be terminated. In such a block grant program, if for whatever reasons a community still chose to "waste" capital or operating dollars, or to defer maintenance, it would not be cushioned from the effect by drawing more heavily on some other federal account. Maintenance could not be "capitalized." One sum is all it would get, period.

The continuation of a small discretionary capital program at some matching level substantially under 80 percent would not be inconsistent with such a block grant approach. The one truism that must be strictly observed, however, is that the local/state authorities and taxpayers always have as much or more to lose than their federal counterparts.

The size of each community's block grant would be determined by matching *all* of the revenues collected locally in support of public transportation in the broadest sense. The local revenue base for federal matching would include taxes designated for both capital and operating purposes (whether earmarked or distributed from general revenues), state taxes subvented to the local area, annualized bond revenues, fares collected on all public transit systems and private systems where there is financial accounting to a public agency, governmental outlays to facilitate ridesharing under public or private auspices, and local "highway" funds that go for such transit-related pur-

poses as providing exclusive busways or transit station parking. Even "user" subsidies paid by nonfederal agencies of government to the elderly and handicapped or other target groups for use on public transportation would be countable in the revenue matching base.

The Department of Transportation would be required to publish a comprehensive list of eligible revenues. Ineligible claims would be identified through audits. Adjustments would be made in the federal grants of subsequent years, much the same manner in which the Internal Revenue Service forces taxpayers to make redress for past underpayments.

Greater reliance on the certifications of grant recipients would be necessary (as in DOT's 1981 elderly and handicapped regulations), but federal field personnel would be available for consultation with state and local officials as the local revenue matching base was compiled. Officials of both the American Public Transit Association and UMTA believe a reasonably good data base exists to implement a beginning program. The Congressional Budget Office is optimistic about using the data currently collected under the Section 15 requirement. With the passage of time, the data base could be expected to be substantially improved.

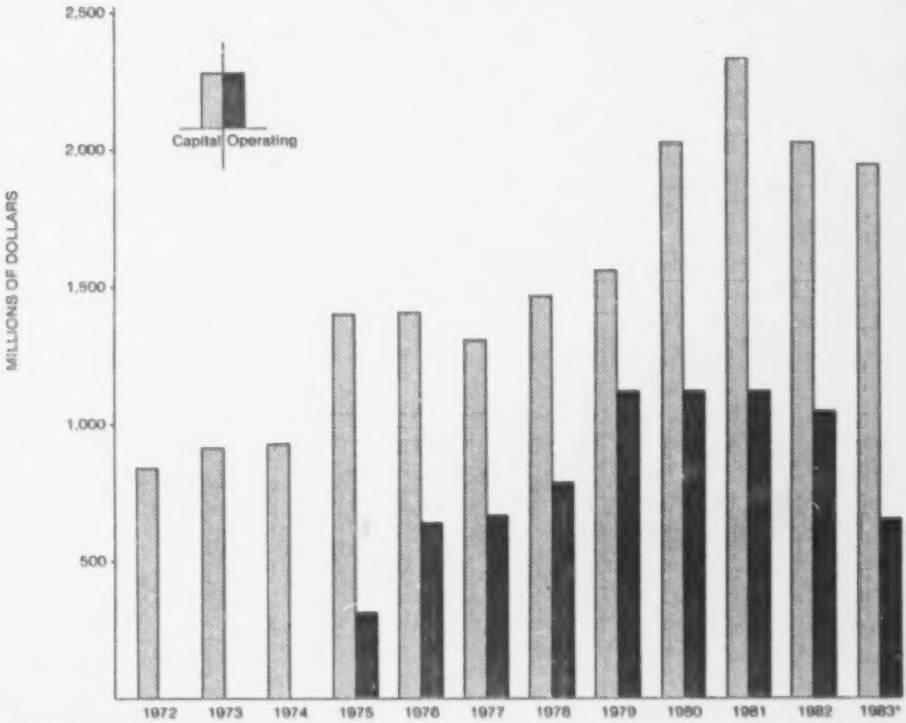
The Urban Institute, which recommended a block grant proportioned on local effort in June oversight hearings, has been working with the Minnesota Department of Transportation to prepare legislation embodying such a concept for consideration by the Minnesota Legislature.

Simplicity would suggest the matching program operate on a one-year "lag" basis, that is, this year's local revenues become the matching base for next year's federal grant. But a program based on concurrent local revenues also might be possible by using a system of estimates and subsequent adjustments where estimates turned out to be incorrect.

Any recipient of the federal block grant would continue to be required to meet the planning requirements of Section 8 and to submit capital/operating/maintenance data to UMTA as required under Section 15 of the present law. The Section 15 collection effort, and UMTA's objective analysis of it, eventually should provide the basis for local officials and citizens to analyze and evaluate their transit operations. Better information about such cost items as wages, benefits, absenteeism, energy, and replacement parts, as well as vehicle breakdown experience and percent of fleet in operating condition, should be of considerable value to local transit authorities and their hired managers. At the same time, it must be remembered that communities will always have different characteristics, different goals, different resources, and comparisons therefore must be tempered with the many variables.

Various requirements in current federal law necessarily would have to be reexamined as part of any fundamental restructuring of the federal grant program.

RECENT FEDERAL MASS TRANSIT FUNDING LEVELS



	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983*
Capital (Millions)	829	897	910	1,367	1,394	1,293	1,455	1,550	2,010	2,320	2,015	1,936
Operating (Millions)	0	0	0	300	635	650	775	1,104	1,105	1,105	1,091	640

Capital Funding includes Section 3 plus Section 5, Tier 4.
Operating Funding includes Section 5, Tiers 1, 2, and 3.
Contract Authority, 1972 through portions of 1979; Appropriations, portions of 1979 through 1983.
Excludes Interstate transfers. Chart by APTA.
*President's FY 1983 Budget Proposal

At the request of the Subcommittee Members, the staff has prepared a tentative list of how these requirements could be assigned under the new conceptual approach. The Members do not necessarily endorse all or any of the staff recommendations. They are included in Appendix A of this report to provide a comprehensive overview of how current federal requirements could be treated—with some of them eliminated—under a block grant program.

UMTA would continue to have a separate research and development program, a network of field offices, and would become an even more authoritative source of technical advice. It is estimated that the size of the UMTA staff could be reduced from its 1981 authorized level of 591 positions to approximately 480 under a block grant program.

RECOMMENDED FORMULA

One critical issue in such a revenue matching program is the ratio at which local revenues are to be matched. A related question is whether cities should be "categorized" by population or some other factor and have different matching ratios among categories.

The most equitable approach would be to match a local transit dollar on exactly the same basis nationwide and to distribute *all* federal funds according to the revenue match formula. The Subcommit-

tee believes this may not be feasible, at least at the present time. Large metropolitan centers would claim such a disproportionate number of the available federal dollars that the program would be perceived as beneficial only to big cities.

Inconsequential sums would become available for small cities and rural places, in some cases amounting to sharp reductions compared to what they are now receiving under Section 5. These communities would always have the opportunity to "bank" their annual apportionments for future use. And they certainly would have the incentive to increase their local commitment as a means of increasing their share of federal dollars. But a pure "revenue match" approach would appear to be too abrupt of a shift in federal policy, even if the changeover were not completed for two or three years. A more gradual transition period is needed.

That is why the Subcommittee believes that any formula used to determine block grant apportionments must, for the immediate future at least, utilize some other factor in addition to revenue matching. The two most likely mitigating factors would appear to be:

(1) Retaining the population-population density component contained in Section 5 of the present law and used to distribute operating and bus replacement capital assistance, or

(2) Introduce a factor based on the historic share that communities have received of federal capital and operating assistance, adjusted to eliminate the highly concentrated local impact of new rail starts and interstate transfers.

At least two formulae recommend themselves as consistent with the philosophy of block grants pegged to local revenues but encompassing a mitigating device that protects communities from an abrupt redirection. There may be others, just as there may be other mechanisms for accomplishing this intended purpose.

One formula would be constituted 75 percent on the basis of local revenues and 25 percent on the basis of population. Another would be constituted 50 percent on the basis of local revenues and 50 percent on the basis of a community's historic share of the federal program, with a 28 percent "cap" placed on the New York City area.

A community's block grant for the years 1984 and 1985 would be based on the new formula selected. A comprehensive table showing how communities would fare under the three alternatives (revenue alone, revenue plus population, revenue plus historic share) has been prepared by the Congressional Budget Office. It is attached as Appendix B. While relying heavily on data from the Department of Transportation, the figures are not official and therefore subject to revision.

The Subcommittee stresses, however, that the "numbers" themselves should not be overemphasized in the proposed new conceptual framework. With federal spending for transit influenced by macro economic circumstances, as evidenced by the Congressional budget reconciliation actions of 1981 and 1982 and the President's budget submission for 1983, it must be recognized that most communities will be receiving less in actual dollars, even if the present program were to be retained.

The concept, the opportunity for new direction, new efficiencies and the clearer fixing of responsibility, loom as far more important considerations than the dollar amounts involved in the immediate future. Any new approach should keep in mind above all the five observations stated by the Subcommittee at the beginning of the report.

Larger urban areas will continue to absorb the largest portion of available federal dollars under all of the suggested options. The nation stands to receive its greatest benefit because of the relative importance of continuing the transit alternative in those communities. But the incentive to increase local expenditures, including fares and taxes, to influence the size of a specific community's block grant, would exist equally for communities of all size. There would, of course, be no iron clad guarantee for any community. How other communities adjusted *their* revenue *bases*, plus the Congressional determination of how many *total* dollars were to be budgeted (authorized and appropriated) for public transportation, would be factors along with local revenues to determine the size of a particular community's block grant. Multi-year authorizations would still serve as a long-range planning guide for all concerned.

According to a tabulation by UMTA, all local revenues spent for public transportation in the nation in 1980 amounted to approximately $4.5 billion. A theoretical federal program of $4 billion (less 10 percent explained below) would result in a federal contribution of about 80 cents for each local dollar spent. The second element in the formula, either population/population density or historic share, would, in most cases, slightly increase or decrease the 80 cents to $1 ratio in a particular community.

As suggested, future federal spending for public transportation would be determined by striking a balance between aggregated local "needs" and the availability of federal dollars.

One of the most troublesome questions to be resolved is whether the matching grant program should be the only federal program, with all of the Section 3 discretionary funds and four tiers of Section 5 assistance (two categories of operating assistance, commuter rail assistance, and bus capital replacement) eliminated altogether.

Section 3 and Section 5 would be combined in the new law, but a small discretionary program, representing no more than 10 percent of all federal moneys available for public transportation, would be maintained. The Subcommittee recommends that the matching ratio for this discretionary capital program be reduced from 80 to up to 50 percent, thus becoming available only to those communities that were really willing to make a substantial commitment of their own. A 10 percent set-aside would mean special supplemental funds would remain available for areas where UMTA has present commitments and where the transition to the new program would have a particularly severe impact. Likeswise, a few communities could be aided in new rail commitments by meeting very rigid criteria.

Consideration should be given to a requirement that the DOT announce all discretionary grants for a given fiscal year in one announcement, preferably in March or April, to minimize any temptation to exploit the grant program for political gain.

The main justification for a discretionary program is that large chunks of capital are needed for the modernization and rebuilding of old rail systems, carefully chosen new starts, and other capital needs beyond what the block grant would provide.

While no formula will be accepted as meeting *all* feasible criteria, we believe the ones herein proposed will deliver significant amounts of money annually to the places where it is needed most from a national standpoint. The amount available for any given city may not match what it would have received had it been the recipient of a major Section 3 grant under the current program, but the small discretionary fund can help meet such legitimate supplemental needs.

THE TRANSFER EFFECT

The Subcommittee realizes that such a restructuring of the federal program could, in some cases, impose new financial demands on already strapped state and local levels of government. A survey by the Joint Economic Committee of the Congress predicts a deteriorating financial situation for U.S. cities throughout the decade of the 80s. Per capita expenditures for local programs are outstripping per capita revenues in cities of all sizes, raising the specter of increased state and local taxes to support programs of all description. The National League of Cities says urban areas are facing their most serious economic problems in 25 years. Higher fares for the users of public transportation seemingly are inevitable, but this should remain a matter of local choice.

Chairman Elliott H. Levitas noted during the course of the hearings that the impact of federal budget cutbacks and federal tax cuts may have the effect of necessitating tax increases elsewhere—the very substitution that has bothered the Subcommittee. It is the reduction in total federal dollars for transit that will be the primary contributing factor for this condition in the national transit program. The new block grant formula should serve to distribute those dollars where transit is considered to be a high priority and not marginal need.

Most of the witnesses heard in the Subcommittee hearings, representing a cross-section of transit operators, labor unions, state and local officials, researchers and other academics, endorsed the block grant concept. Virtually nothing was said in opposition on a conceptual basis. Reservations *were* expressed about the shrinking federal program.

The Subcommittee believes this is a time for bold thinking and aggressive action. Our nation may well be entering a period in which it makes as much sense to look for "solutions" to the mobility problem at the local and personal levels as through the application of macro federal programs or even the spending of federal dollars, as important as those dollars will remain.

Other responsible voices have expressed concern about the trend toward federal categorical grants and their concomitant requirements creating confusion at the local level and diffusing responsibility and accountability.

In ending a lengthy career as the Comptroller General of the United States, Elmer B. Staats testified before a congressional subcommittee

in April 1981 that "the federal government can no longer afford to be involved in activities which are primarily matters of state and local government concern."

Regarding the achievement of broad national purposes through federal grants of all description, a June 1979 study by the General Accounting Office estimated that 80 percent of federal grants of all types over a four-year period had not been audited in a manner satisfactory to protecting the federal interest, whatever that interest might be.

And the Advisory Commission on Inter-governmental Relations concluded a four-year study of federal categorical programs with the conclusion that "the so-called aid system (was) beyond the comprehension of both elected officials and the citizenry, as well as generalists and program specialists." The ACIR urged greater utilization of block grants. (Extensive additional quotations may be found in Appendix C.)

Somehow, the American public and elected officials at all levels must become better educated about the economic realities of public transportation, its role, and the genuine opportunities that lie ahead. The foundation of our democratic system is an informed electorate, an electorate now compelled to make difficult choices. Better performance is required of all levels of government. This will only happen when responsibilities are more clearly fixed. It is with that in mind that the Subcommittee recommends these changes in the federal transit program.

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NORMAN Y. MINETA.
ROBERT A. ROE.
GERALDINE A. FERRARO.
DONALD JOSEPH ALBOSTA.
WILLIAM HILL BONER.
GUS SAVAGE.
BUDDY ROEMER.
JOHN G. FARY.
RONNIE G. FLIPPO.

BARRY M. GOLDWATER, Jr.
ARLAN STANGELAND.
NEWT GINGRICH.
GERALD B. H. SOLOMON.
HAROLD C. HOLLENBECK.
GUY MOLINARI.
BOB MCEWEN.

APPENDIX A

Staff recommendations as to how current requirements in the federal transit law could be assigned, or in some cases eliminated, under a block grant program.

Federal responsibility would be retained for the following requirements:

(1) Special funding for transportation centers (Section 11(b)); research, development and demonstrations (Section 6); and "innovative" projects (Section 4(i), the latter to be funded out of the 10 percent discretionary fund (described in the report.)

(2) Section 13(c) labor protection assurances (discussed in body of report.)

(3) Section 15 data reporting. (It might be necessary to designate a very tiny portion of the block grant to pay for this federally-mandated data collection.)

(4) Section 16 elderly and handicapped requirement. (This would remain a component of the planning process with the local community's effort, including newly-permitted "certification," evaluated by DOT/UMTA.)

(5) Section 8 planning and technical studies. (A portion of the block grant, say no more than 2 percent, would be designated for local planning purposes. The federal government would not, however, sit in judgment of the local planning process except as required by special statutory circumstances, such as the E&H requirement mentioned above.)

(6) Section 18 rural and small city grant program. (This would be retained as a discrete categorical program, with its own congressional appropriations and annual apportionments directed to the state governors. As now, the money could be used for both operating and capital purposes. Federal project approval would not be required.)

(7) Section 19 nondiscrimination assurances.

(8) Interstate fund transfers permitted under Section 103(e) of Title 23. (The local share of such transfers would become part of the local revenue base for federal matching purposes, but this could only happen with federal approval, as is now the case.)

(9) Training grants under Section 10 and university research and training grants under Section 11.

The following provisions also would be retained in the federal law, but the primary responsibility for administration and enforcement would be transferred to the recipients of federal block grants. Federal audits would evaluate compliance:

(1) The prohibition in Section 3(f) that prohibits federal grantees from providing charter service that competes with private companies.

(2) The relocation assistance program under Section 7.

(3) Section 14 environmental protection assurances. (The federal environmental interest will be protected by the application of other specific environmental laws—air, water, NEPA—with which local officials must comply.)

(4) The Buy America provision of Section 401. (Local certification of compliance, which is now generally the way grantees respond anyway.)

Provisions in the present law that should be eliminated include:

(1) The Section 3(g) ban on federal grants being used to provide school bus operations in competition with private school bus operators. (School bus transportation is usually a mandatory local responsibility, being paid for by the same taxpayers who subsidize local public transportation. Why prejudge what the proper "mix" should be?)

(2) The provision requiring the use of Section 5 bus replacement money before Section 3 discretionary money is made available for buses. (Made redundant by the changed concept.)

(3) The maintenance of effort provision in Section 5(f). (Redundant. Local revenues become the all-important single measure of local "effort.")

(4) The Section 5(g) requirement for a program of projects annually. (The federal government would no longer be approving individual transit "projects" except in those special cases where discretionary money was sought. One annual

description of proposed projects in the Section 8 planning process would still be required.)

(5) The Section 5(i) requirement on public hearings. (Most jurisdictions already require them. It is local citizens who should object to heavy-handed actions by local authorities, not UMTA bureaucrats.)

(6) Section 5(m) half fare for the elderly and handicapped in the off-peak. (The local planning process, evaluated by UMTA, would determine the best strategy to provide for the elderly and handicapped.)

(7) The Section 12(b)(2) requirement on life-cycle cost procurement. (Local officials themselves should seek the lowest cost options over the full life of an investment. UMTA would not "approve" individual procurements. This requirement has been handled by a very weak "certification" mechanism.)

(8) Section 12(g) equipment seat specification. (Redundant. The federal government would not approve equipment specifications.)

(9) Section 16(b)(2) vehicle purchases for nonprofit organizations. (This money would be folded into the block grant program. Local authorities could fund non-profit transportation providers if they so desired.)

(10) Section 21–22 intercity bus terminal and operating program. (Not funded now. Represents a categorical distortion.)

APPENDIX B

Explanatory Note: The following table has been prepared by the Congressional Budget Office. All figures are expressed as percentages of the whole. The numbers are preliminary and subject to revision based on the official data of the U.S. Department of Transportation, although these figures draw heavily on federal data sources. Many other formula options exist.

The first column represents the percentage of federal funds, capital and operating, that urbanized areas have received since the inception of the federal program in 1964.

The second column represents the percentage of all federal funds excluding new rail starts and interstate transfers.

The last three columns are formula options. Column three shows how federal funds would be distributed if local revenues (including taxes and fares as calculated for the fiscal year ended in 1979) were the only factor. While this may be a worthwhile program goal, it is not recommended initially.

Column four represents a formula that would combine local revenues and the same population-population density factor that is used to distribute operating assistance under Tier 1, Section 5, of the present federal law. The proportions are 75 percent revenue, 25 percent population.

Column five represents a formula that would be based 50 percent on the historic federal share (column 2) and 50 percent on local revenue (column 3). No urban area could receive more than 28 percent of all federal money.

In addition to the 279 urbanized areas listed, an additional 94 urbanized areas identified in the 1980 census would become eligible for Federal block grants. Only 67 of these urbanized areas have some form of transit service. The 94 contain about 3 percent of the population of all eligible urbanized areas and are estimated to have accounted for less than 1 percent of all local transit revenues in the fiscal year ended in 1979.

The new urbanized areas with transit are listed at the end of the table, but their percentage shares had not been determined at the time this report was written.

As new data become available, pertaining to these or other formula options, they will be incorporated in separate documents.

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PERCENTAGE OF TRANSIT PROGRAM FUNDS ALLOCATED TO EACH URBANIZED AREA UNDER ALTERNATIVE DISTRIBUTION FORMULAS

URBANIZED AREA	TOTAL FUNDS	HISTORICAL SHARE OF FEDERAL TRANSIT AID, 1964-1980: FUNDS EXCLUDING INTERSTATE TRANSFERS AND NEW STARTS	SHARE OF LOCAL REVENUE IN 1979	SHARE BASED 75% ON LOCAL REVENUE, 25% POPULATION-POPULATION DENSITY	SHARE BASED 50% ON LOCAL REVENUE, 50% ON HISTORICAL SHARE OF FEDERAL FUNDS EXCLUDING INTERSTATE TRANSFERS AND NEW STARTS, AND A 20% CAP PER URBANIZED AREA
	PERCENT (A)	PERCENT (B)	PERCENT (C)	PERCENT (D)	PERCENT (E)
NEW YORK, NY	20.22813	26.87236	35.57957	30.43255	20
LOS ANGELES, CA	3.69837	4.92688	4.32945	5.42979	4.83553
CHICAGO, ILL	7.75232	10.12534	9.55202	8.60276	10.2795
PHILADELPHIA, PA	5.60048	5.52061	5.16235	4.69153	5.58081
DETROIT, MI	1.57713	2.0439	1.65595	1.95924	1.93281
SAN FRANCISCO, CA	4.11984	5.58522	7.63867	6.36123	6.90819
BOSTON, MA	8.76137	5.45727	5.41275	4.67569	5.78301
WASHINGTON, DC##	9.78316	2.02429	3.46699	3.1036	2.86866
CLEVELAND, OH	1.53413	2.07983	1.43199	1.36272	1.83459
ST. LOUIS, MO	.80068	1.08547	.92992	1.01772	1.05285
PITTSBURGH, PA	1.82708	2.47695	1.47623	1.39308	2.06313
MINNEAPOLIS, MN	.81193	1.10072	1.09111	1.06593	1.14501
HOUSTON, TX	.59373	.80491	2.00474	1.86901	1.46777
BALTIMORE, MD	3.90766	1.02834	.96302	1.03802	1.04029
DALLAS, TX	.55862	.75732	.41735	.65856	.61365
MILWAUKEE, WI	.39978	.54198	.43892	.51641	.51242
SEATTLE, WA	.9822	1.33155	1.2625	1.19538	1.35314
MIAMI, FL	2.73738	.92719	.59481	.79651	.7951
SAN DIEGO, CA	.39971	.54189	.53131	.67958	.56074
ATLANTA, GA	5.06665	1.07214	.95806	.94017	1.06058
CINCINNATI, OH	.44288	.60041	.38285	.46879	.51366
KANSAS CITY, MO	.34398	.46632	.27192	.33719	.38566
BUFFALO, NY	1.47175	.45912	.29202	.41096	.39239
DENVER, CO	.80401	1.06497	.9739	.96408	1.06311
SAN JOSE, CA	.48579	.65858	.47667	.59731	.59306
NEW ORLEANS, LA	.46975	.63683	.41208	.54264	.54796
PHOENIX, AZ	.25437	.34482	.13969	.31434	.25313
PORTLAND, OR	.56576	.68953	.8366	.80079	.79569
SAN JUAN, PR	.38714	.52483	.33133	.3569	.44726
INDIANAPOLIS, IN	.17191	.23306	.16397	.24125	.20741
PROVIDENCE, RI	.17767	.24086	.15876	.25112	.20876
COLUMBUS, OH	.27717	.37576	.22612	.30574	.31442
SAN ANTONIO, TX	.23284	.31565	.16028	.27286	.24863
LOUISVILLE, KY	.29274	.39686	.17308	.25791	.29774
DAYTON, OH	.22664	.30728	.14104	.19732	.23422
NORFOLK,PORTSMOUTH, VA	.18346	.24872	.13989	.21207	.20301
MEMPHIS, TN-MS	.21773	.29518	.22807	.29508	.27335
SACRAMENTO, CA	.17644	.23649	.21001	.29046	.23326
FT. LAUDERDALE, FL	.18741	.25406	.09269	.25487	.18114
ROCHESTER, NY	.25564	.34636	.19987	.2536	.28546

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	(A)	(B)	(C)	(D)	(E)
SAN BERNARDINO-RIVERSIDE, CA	.15073	.20434	.07857	.15923	.14779
OKLAHOMA CITY, OK	.06819	.09244	.03357	.11265	.06583
BIRMINGHAM, AL	.11935	.1618	.10701	.16341	.14043
AKRON, OH	.11174	.15148	.06529	.12827	.11324
JACKSONVILLE, FL	.16902	.22914	.13099	.17391	.18813
SPRINGFIELD-HOLYOKE, MA	.15347	.20806	.10454	.14791	.1633
ST. PETERSBURG-CLEARWATER, FL	.08536	.11573	.07224	.19213	.09819
OMAHA, NE-IA	.18469	.25039	.12882	.18096	.1981
TOLEDO, OH	.32142	.43575	.12393	.17248	.29238
ALBANY-SCHENECTADY, NY	.17462	.19909	.12748	.17209	.1706
SALT LAKE CITY, UT	.30863	.41841	.28915	.31757	.36963
HARTFORD, ###CT	.12842	.13129	.81394	.68988	.49379
NASHVILLE, TN	.11716	.15883	.0907	.13177	.13036
HONOLULU, HI	.4365	.55553	.59321	.56538	.60011
RICHMOND, VA	.12472	.16909	.16517	.19378	.17462
BRIDGEPORT, CT	.1063	.14411	.01224	.0735	.08168
YOUNGSTOWN, OH	.06331	.08583	.04409	.09391	.06787
SYRACUSE, NY	.20396	.2765	.10888	.14604	.20133
TULSA, OK	.07383	.10009	.04637	.09402	.07651
WILMINGTON, DE	.09577	.12983	.07901	.12158	.1091
TAMPA#, FL	.03033	.04112	.04537	.11235	.04518
ALLENTOWN, PA-NJ	.56773	.76966	.04152	.09627	.42376
GRAND RAPIDS, MI	.09414	.12763	.04441	.09006	.08987
NEW HAVEN, CT	.8002	1.08482	.10428	.13466	.62119
EL PASO#, TI	.12422	.16841	.07298	.12748	.1261
TACOMA, WA	.12657	.1716	.08081	.11986	.13186
FLINT#, MI	.06641	.09003	.02179	.06642	.05842
ORLANDO, FL	.03295	.04467	.02724	.10078	.03757
WICHETA, KS	.05607	.07601	.02635	.06734	.05347
ALBUQUERQUE, NM	.04938	.06694	.02163	.0813	.04627
TUSCON, AI	.09649	.1226	.08941	.13886	.11075
SOUTH BEND, IN	.08807	.11939	.04169	.06622	.08415
WEST PALM BEACH#, FL	.06244	.08465	.04011	.10793	.06517
CHARLOTTE, NC	.08868	.12022	.06489	.09747	.0967
TRENTON, ###NJ	.05615	.07612	1.41193	1.10405	.77736
NEWPORT NEWS-HAMPTON, VA	.07505	.10174	.02121	.0601	.06423
DAVENPORT, IA-IL	.10384	.14078	.01748	.05406	.08267
AUSTIN, TI	.07593	.10294	.04217	.09325	.07581
FRESNO, CA	.0704	.09544	.10596	.13835	.10521
MOBILE, AL	.02293	.03108	.02664	.05831	.03016
DES MOINES, IA	.10988	.14896	.05328	.07969	.10565
BATON ROUGE, LA	.03315	.04494	.07301	.10598	.06162
WORCESTER, MA	.06957	.09432	.05835	.08593	.07975
PEORIA, IL	.05269	.07143	.03342	.06337	.05477
OXNARD, VENTURA, CA	.04857	.06584	.02262	.07861	.04621
CANTON, OH	.08451	.11457	.03966	.06904	.08057
COLUMBIA#, SC	.00023	.00031	.02179	.0594	.01154
HARRISBURG, PA	.07903	.10715	.04344	.07263	.07867
LAS VEGAS#, NV	.01244	.01686	.00929	.07307	.01366
SHREVEPORT, LA	.02937	.03982	.03419	.06482	.03866

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	(A)	(B)	(C)	(D)	(E)
AURORA-ELGIN, IL	.05146	.06976	.00694	.02935	.04007
SPOKANE, WA	.07914	.10729	.0709	.09503	.09309
LANSING, MI	.08561	.11606	.0528	.0835	.08822
CHARLESTON#, SC	.00062	.00084	.01743	.05628	.00955
FORT WAYNE, IN	.07341	.09952	.0431	.07088	.07451
CHATTANOOGA, TN	.06571	.08908	.05634	.07901	.07597
LITTLE ROCK, AR	.03965	.05375	.03	.06312	.04375
CORPUS CHRISTI, TX	.03053	.04139	.01048	.04148	.0271
COLUMBIA, SA	.03665	.04969	.01463	.04035	.0336
ROCKFORD, IL	.05309	.07197	.03026	.0556	.05341
MADISON, WI	.14499	.19656	.1022	.11175	.15608
COLORADO SPRINGS, CO	.06785	.09198	.02071	.05478	.05887
SCRANTON, PA	.08995	.12195	.06822	.11011	.09934
LAWRENCE, HAVERHILL, MA	.08512	.1154	.00938	.03759	.06519
LORAIN-ELYRIA,# OH	.00328	.00444	.00363	.03235	.00422
KNOXVILLE, TN	.06324	.08574	.03696	.0642	.0641
JACKSON, MS	.02442	.03311	.02311	.05198	.02937
STAMFORD, CT	.0278	.03769	.01927	.04236	.02976
LOWELL, MA	.05657	.07669	.02331	.04265	.05224
UTICA-ROME,# NY	.03299	.04472	.02387	.0398	.03583
MELBOURNE-COCOA, FL	.02027	.02748	.00744	.03188	.01824
ANN ARBOR,# MI	.08089	.10967	.02125	.05239	.06839
BAKERSFIELD, CA	.01281	.01737	.03313	.0643	.02638
ERIE, PA	.05127	.0695	.03321	.05798	.05366
READING, PA	.05241	.07105	.04358	.06374	.05988
HUNTINGTON-ASHL, WV-KY-OH	.0869	.1178	.01388	.03811	.06879
SARASOTA-BRADENTON, FL	.02248	.03184	.00315	.04641	.01827
BINGHAMTON, NY	.02832	.03839	.01525	.03673	.02802
PENSACOLA, FL	.02161	.02929	.01902	.04274	.02524
SAVANNAH, GA	.02087	.02829	.03763	.05225	.03444
FAYETTEVILLE, NC	.02718	.03684	.00503	.0332	.02188
STOCKTON, CA	.04079	.0553	.03865	.06411	.04908
LEXINGTON, KY	.03032	.04111	.0284	.05195	.03631
CHARLESTON, WV	.40269	.54593	.04552	.05752	.30897
GREENVILLE,# SC	0	0	.00485	.03418	.00253
WATERBURY, CT	.03475	.04712	.02205	.04074	.03613
ROANOKE, VA	.03228	.04376	.02284	.04246	.03479
JOLIET, IL	.03298	.04458	.01772	.03904	.03255
LINCOLN, NE	.04399	.05964	.02475	.04689	.04409
RALEIGH, NC	.02413	.03271	.02313	.0475	.02917
GREENSBORO,# NC	.00088	.00119	.00767	.03165	.00463
KALAMAZOO, MI	.06615	.08967	.02846	.04355	.06171
LUBBOCK, TX	.0413	.05599	.00917	.0314	.03404
OGDEN,# UT	.01444	.01957	.0355	.05378	.02877
AUGUSTA, GA-SC	.00422	.00572	.0212	.04922	.01406
BROCKTON, MA	.1087	.14737	.04341	.06196	.09966
SAGINAW, MI	.02357	.03195	.00523	.0283	.01942
HUNTSVILLE, AL	.00021	.00029	0	.01838	.00015
WINSTON-SALEM, NC	.04369	.05923	.02851	.04394	.04584
EVANSVILLE, IL	.01906	.02584	.01103	.03717	.01926

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	(A)	(B)	(C)	(D)	(E)
FALL RIVER,# MA-RI	.01942	.02633	.02234	.04168	.02542
EUGENE, OR	.04586	.06218	.10527	.10976	.08748
NEW LONDON-NORWICH, CT	.03025	.04101	.00565	.02334	.02438
MONTGOMERY, AL	.01243	.01685	.01915	.04076	.01881
DULUTH-SUPERIOR, MN-WI	.09882	.13397	.04961	.05261	.0959
ATLANTIC CITY, NJ	.01385	.01877	.03908	.04969	.03023
NEW BEDFORD, MA	.02128	.02885	.04357	.05708	.03784
TOPEKA, KS	.02247	.03047	.01621	.03031	.02439
CEDAR RAPIDS, IA	.03719	.05042	.01765	.03301	.03556
NEW BRITAIN,# CT	.01481	.02007	.00485	.02546	.01302
SANTA BARBARA, CA	.04519	.06126	.06061	.07256	.06367
APPLETON, WI	.02306	.03126	.01246	.03325	.02284
GREEN BAY, WI	.01828	.02478	.01483	.03025	.02069
PONCE,## PR	.0114	.01546	0	.04015	.00808
MACON,# GA	0	0	.00888	.02584	.00464
AMARILLO, TX	.01973	.02675	.00788	.02674	.01809
YORK, PA	.0155	.02101	.00843	.02733	.01538
BILOXI-GULFPORT, MS	.04079	.0553	.00585	.02729	.03194
SPRINGFIELD,# MO	.02696	.03655	.00929	.02684	.02395
SPRINGFIELD, IL	.03199	.04337	.02906	.04147	.03784
WACO, TX	.00841	.0114	.00868	.02301	.01049
RACINE, WI	.01365	.0185	.01552	.03322	.01777
LANCASTER, PA	.04067	.05513	.0186	.03815	.03852
PORT ARTHUR,# TX	.00354	.0048	.00161	.01584	.00335
BEAUMONT, TX	.02024	.02744	.00996	.02359	.01954
DAYTONA BEACH, FL	.02322	.03148	.01661	.03521	.02512
WATERLOO, IA	.01928	.02614	.01058	.02263	.01918
ANCHORAGE, AK	.04135	.05606	.05226	.05995	.05659
NORWALK,# CT	.04033	.05468	.01417	.02677	.03597
PORTLAND, ME	.01931	.02618	.03425	.04016	.03157
MODESTO, CA	.01344	.01822	.00797	.03518	.01369
MUSKEGON, MI	.01166	.01581	.00731	.02016	.01208
PROVO-OREM,# UT	.00096	.0013	.0004	.0254	.00089
PUEBLO, CO	.02277	.03087	.00739	.02262	.01999
POUGHKEEPSIE, NY	.01479	.02005	.05249	.05787	.0379
DURHAM,# NC	0	0	.01645	.03559	.00859
PETERSBURG, VA	.00928	.01258	.00622	.01916	.00982
CHAMPAIGN-URB, IL	.03601	.04882	.04165	.05234	.04726
DECATUR, IL	.02749	.03727	.01264	.02573	.02607
RENO, NV	.01024	.01389	.00099	.02509	.00777
MERIDEN, CT	.01186	.01608	.00242	.01067	.00967
WITCHITA FALLS, TX	.00229	.00311	.00429	.01637	.00387
JOHNSTOWN, PA	.02913	.0395	.01951	.02886	.03082
ALTON,# IL	.01398	.01895	.00727	.01775	.0137
SIOUX CITY, IA-NE	.02971	.04028	.01649	.02499	.02966
LAWTON, OK	.00753	.0102	0	.01323	.00533
MANCHESTER, NH	.05827	.079	.01782	.02942	.05058
GASTONIA, NC	.00384	.00521	.00326	.01599	.00442
SPRINGFIELD, OH	.01041	.01411	.00468	.01874	.00982
HIGH POINT, NC	.01164	.01579	.00802	.01886	.01244

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	(A)	(B)	(C)	(D)	(E)
SEASIDE-MONTEREY, CA	.03064	.04154	.01902	.03424	.03164
SALEM, OR	.01862	.02524	.01887	.03583	.02304
WHEELING,$ WV-OH	.01314	.01781	.00727	.022	.0131
MCALLEN-PHARR-EDINBURG, TX	0	0	.00969	.03199	.00506
HAMILTON, OH	.01158	.0157	.00757	.02168	.01216
ABILENE,$ TX	.01033	.014	.00242	.01402	.00858
MONROE, LA	.01107	.01501	.0092	.02177	.01264
MUNCIE,$ IN	.02405	.0326	.00323	.017	.01872
LAKE CHARLES, LA	.01079	.01462	.0064	.02072	.01098
TUSCALOOSA,$ AL	.00022	.0003	.00202	.01456	.00121
STEUBENVILLE, OH-WV	.00573	.00777	.00466	.01402	.00649
FARGO-MOORHEAD, ND-MN	.03944	.05347	.00908	.01891	.03007
BOISE, ID	.02241	.03038	.01115	.02834	.0217
KENOSHA, WI	.02422	.03284	.00937	.02385	.02205
TEXAS CITY-LA MARQUE, TX	0	0	0	.0124	0
ALTOONA, PA	.02352	.03189	.01266	.0227	.02328
ODESSA, TX	0	0	0	.01523	0
TERRE HAUTE, IN	.01048	.01421	.00735	.01666	.01126
ANDERSON, IN	.01509	.02045	.007	.0158	.01434
LAFAYETTE, IN	.02061	.02793	.00999	.02336	.01981
JACKSON, MI	.02088	.02831	.00825	.01821	.0191
LAFAYETTE, LA	.01284	.0174	.00689	.02272	.01269
BAY CITY,$ MI	.02896	.03926	.01362	.02187	.02763
FITCHBURG-LEOMINSTER,$ MA	.04914	.06662	.00283	.01147	.03628
BATTLE CREEK, MI	.01967	.02667	.01086	.01859	.0196
TALLAHASSEE, FL	.04392	.05955	.01029	.02395	.03648
ALEXANDRIA,$ LA	.0147	.01993	.00444	.01558	.01273
MANSFIELD, OH	.00538	.0073	.01029	.01822	.00919
ST. JOSEPH,$ MO-KS	.00449	.00608	.00767	.0166	.00719
ALBANY, GA	.00783	.01062	.00282	.01334	.00702
FT. SMITH, AR-OK	0	0	0	.01098	0
SIOUX FALLS, SD	.00913	.01238	.00379	.01522	.00845
SANTA ROSA, CA	.00656	.00889	.00869	.02855	.00919
ELMIRA,$ NY	.00422	.00573	.00606	.01549	.00616
SANTA CRUZ, CA	.03532	.04789	.0669	.06672	.05996
SPARTANBURG,$ SC	0	0	.00485	.01618	.00253
KILLEEN, TX	.00138	.00187	.00363	.01583	.00288
VINELAND-MILLVILLE,$ NJ	0	0	.00968	.01679	.00506
ASHEVILLE, NC	.01415	.01919	.01524	.02398	.01799
BRISTOL,$ CT	.00829	.01124	.00081	.01198	.0063
RICHLAND-KENNEWICK, WA	.00338	.00458	0	.01495	.00239
BILLINGS, MT	.0221	.02996	.00698	.01661	.0193
GREAT FALLS,$ MT	0	0	0	.01095	0
LYNCHBURG, VA	.0286	.03878	.01876	.0251	.03006
KINGSPORT, TN-VA	0	0	0	.01033	0
LIMA,$ OH	.00701	.00951	.00323	.01272	.00666
LAREDO, TX	.01636	.02219	.01698	.03251	.02046
MAYAGUEZ,$$ PR	.0173	.02345	0	.01788	.01225
BLOOMINGTON-NORMAL, IL	.02753	.03732	.01156	.02379	.02553

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	(A)	(B)	(C)	(D)	(E)
GAINSVILLE, FL	.02419	.03279	.01478	.02598	.02485
FORT MEYERS,$ FL	.0212	.02874	.00606	.02272	.01818
BOULDER,$ CO	.11536	.1564	.02125	.03094	.0928
GADSDEN, AL	.00035	.00047	0	.00843	.00025
LAKELAND,$ FL	0	0	.00161	.01601	.00084
DANBURY,$ CT	.01432	.01941	.00161	.01314	.01098
CAGUAS,$$ PR	.00709	.00962	0	.02585	.00502
DUBUQUE, IA-IL	.00847	.01148	.0149	.02187	.01378
LEWISTON-AUBURN, ME	.01526	.02068	.00485	.01153	.01334
PARKERSBURG,$ WV	.00369	.005	.00283	.01292	.00409
YAKIMA,$ WA	.00607	.00823	.00404	.01563	.00641
SAN ANGELO, TX	.00633	.00858	.00292	.01264	.00601
WILLIAMSPORT, PA	.02014	.0273	.01047	.01718	.01973
LACROSSE, WI-MN	.03401	.04611	.01176	.01944	.03023
FLORENCE, AL	0	0	0	.00875	0
PITTSFIELD, MA	.02355	.03193	.008	.0131	.02086
SALINAS, CA	.01021	.01384	.00612	.02291	.01043
GALVESTON, TX	.00897	.01215	.01199	.01794	.01261
NASHUA,$ NH	0	0	.0004	.01143	.00021
PINE BLUFF, AR	.00134	.00182	.00548	.01339	.00382
MIDLAND,$ TX	.00096	.00131	.00242	.01202	.00195
BURLINGTON, NC	.02431	.03295	0	.0087	.01722
TYLER,$ TX	0	0	.00042	.01081	.00022
ANTIOCH-PITTSBURGH, CA	.00703	.00954	.00565	.01979	.00794
COLUMBIA,$ MO	.01454	.01971	.00563	.01269	.01325
ANNISTON, AL	0	0	0	.00898	0
TEXARKANA, TX-AR	0	0	0	.00823	0
CLARKSVILLE, TN	.00131	.00178	0	.00983	.00093
WILLMNGTON, NC	.00948	.01285	.00874	.01721	.01128
SIMI VALLEY,$ CA	.00124	.00168	.00202	.01516	.00193
ROCHESTER,$ MN	.00694	.0094	.00485	.01378	.00744
OSHKOSH, WI	.02476	.03357	.00662	.01402	.021
SHERMAN-DENISON, TX	0	0	0	.00683	0
OWENSBORO,$ KY	.00476	.00645	.00202	.01219	.00442
BROWNSVILLE, TX	.01985	.02691	.00231	.01723	.01526
ST. CLOUD, MN	.00832	.01128	.01462	.02004	.01353
BRYAN-COLLEGE/STA,TX	0	0	0	.01133	0
HARLINGEN-SAN BENITO, TX	0	0	.00565	.01314	.00295
TOTAL	100	100	99.11953	98.5289	99.3955
TOTAL BY POPULATION CATEGORY					
ABOVE 750,000	87.30538	82.91495	89.17116	83.30952	85.27317
200,000 TO 750,000	8.84648	11.86817	7.6702	10.38845	10.2069
50,000 TO 200,000	3.84814	5.21688	2.27817	4.83093	3.91543

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SOURCES: Compiled by the Congressional Budget Office (CBO) from the following sources: Federal funding information from the Urban Mass Transportation Administration (UMTA); local revenue information from National Urban Mass Transportation Statistics (Section 15 Reporting System), U. S. Department of Transportation, May 1981, (commuter rail revenue estimates were made separately by UMTA); population and population density factors from preliminary analysis of the 1980 Census of Population. All figures are preliminary.

* Area for which local revenue information was not available through the Section 15 reporting system. Local revenue was estimated by CBO.

** Area for which local revenue estimate could not be made.

*** Area in which local revenue estimate reflects regionwide revenue from commuter rail. As a result, the actual share of local revenue is less than the amount shown, since commuter rail serves more than one urbanized area in each region. Updates of the Section 15 reporting system will reflect the necessary corrections and revisions.

NOTE: The last three columns do not add to 100 percent because a number of urbanized areas were newly defined in the 1980 Census, and thus were not covered by the 1979 Section 15 reporting system. Each new area accounted for an estimated .02 percent of local revenue in 1979. The population of these areas accounts for about 3 percent of the population of all urbanized areas that qualify for Federal Transit Assistance. Urbanized areas newly defined in the 1980 Census include: Elgin, IL; Kailua-Kaneohe, HI; Portsmouth-Dover-Rochester, NH-ME; Middletown, OH; Fort Walton Beach, FL; Elkhart-Goshen, IN; Vega Baja-Manati, PR; Panama City, FL; Johnson City, TN; Fort Collins, CO; Burlington, VT; Arecibo, PR; Jacksonville, NC; Winter Haven, FL; Eau Clair, WI; Concord, NC; Fort Pierce, FL; Longview, TX; Fairfield, CA; Olympia, WA; Palm Springs, CA; Hagerstown, MD-PA; Monessen, PA; Houma, LA; Newburgh, NY; Round Lake Beach, IL; Pascagoula-Moss Point, MS; Bremerton, WA; Annapolis, MD; Bloomington, IN; Athens, GA; Fayetteville-Springdale, AR; Hickory, NC; Greeley, CO; Kankakee, IL; Kokomo, IN; Yuba City, CA; Bismarck-Mandan, ND; Benton Harbor, MI; Bangor, ME; Port Huron, MI; Aguadilla, PR; Charlottesville, VA; Cumberland, MD-WV; Iowa City, IA; Casper, WY; Napa, CA; Visalia, CA; Sheboygan, WI; Cheyenne, WY; Missoula, MT; Goldsboro, NC; Joplin, MO; Santa Maria, CA; Grand Junction, CO; Hattiesburg, MS; Lancaster, CA; Florence, SC; Hemet, CA; Longview, WA-OR; Las Cruces, NM; Warner Robins, GA; Danville, VA; Decatur, AL; Yuma, AZ-CA; Naples, FL; Bristol, TN-VA; Pocatello, ID; Temple, TX; Wausau, WI; Redding, CA; Lawrence, KA; Medford, OR; Taunton, MA; Grand Forks, ND-MN; Danville, IL; Santa Fe, NM; Dothan, AL; Chico, CA; Auburn-Opelika, AL; Janesville, WI; Glens Falls, NY; Newport, RI; State College, PA; Rome, GA; Bellingham, WA; Anderson, SC; Sharon, Pa-Oh; Rapid City, SD; Ocala, FL; Rock Hill, SC; Newark, OH; Beloit, WI-IL; Victoria, TX; Enid, OK; and Jackson, TN.

APPENDIX C

Excerpts from statement by Elmer B. Staats, former Comptroller General of the United States, before the Intergovernmental Relations and Human Resources Subcommittee of the House Committee on Government Operations, April 7, 1981:

"The Federal Government now provides categorical assistance to states and localities under about 500 programs . . .

"Collectively, the narrow boundaries of federal categorical programs and the estimated 1,200 plus mandates accompanying them have placed major strains on the accountability and administrative capacities of all three levels of government . . .

"Undoubtedly, there are many federal programs which could or should be turned over to State and local governments. The Federal Government can no longer afford to be involved in activities which are primarily matters of State and local government concern. Furthermore, improvements in the fiscal and administrative capabilities of State and local government over the years suggest that they are better able to confront complex and sensitive public policy issues and raise the necessary resources to deal with them . . .

"I believe that grant consolidation, federal mandates, accountability and management control, and standardization and simplification of assistance requirements are the four major areas in need of attention . . .

"The consolidation of fragmented and restrictive categorical grants into broader purpose programs is fundamental to improving the administration of federal assistance programs at all levels of government. The categorical grant system has fostered an unwieldly and fragmented system for delivering public services . . .

"In addition to creating a variety of administrative problems, the proliferation of categorical programs has considerable impact on state and local priorities. By providing assistance in narrowly defined areas of national priorities, the federal government induces state and local involvement into programmatic ventures that they otherwise may not have funded from their own funds."

Excerpts from a report by the General Accounting Office dated June 15, 1979, entitled "Grant Auditing: A Maze of Inconsistency, Gaps, and Duplication That Needs Overhauling":

"Federal grants will total about $85 billion in fiscal 1979. The Government relies on audit as the basic control to see that these funds are spent as the Congress intended and to prevent unauthorized expenditures and loss of funds from fraud and abuse.

"Important as grant auditing is, GAO found that federal agencies' approaches to it are not coordinated and do not provide effective surveillance of these public funds or optimize the use of audit resources . . .

"Through a review of the audit experience of 73 grant recipients during fiscal 1974 through 1977, GAO found that 80 percent of the recipients' $3.7 billion in federal funds was not audited by or on behalf of the federal agencies. This test was not based on a statistical sample, since the information to develop such statistics is not available. However, if this percentage were applied to the approximately $240 billion grants awarded during the period, it is possible that the government did not provide audits for nearly $192 billion.

"Of the 73 grant recipients GAO reviewed, 17 either were not audited at all, or suffered such major gaps in audit coverage that GAO could not consider them audited. Of the remaining 56 audited, 51 (over 90 percent) received audits that provided only partial or no insight into whether federal funds were properly spent. For the most part, these audits were made to satisfy state or other nonfederal requirements."

In culminating a four-year study of federal grant-in-aid programs, the Advisory Commission on Intergovernmental Relations (ACIR) issued a series of reports and recommendations beginning in 1979.

Created several years ago by the Congress, ACIR has 26 members, including members of the House and Senate, cabinet officers, governors, mayors, state legislators, county officials and private citizens.

The ACIR said it found a "terribly complex" and fragmented federal aid system that was essentially out of control. A key word was "marbleization," meaning a pervasive federal presence that had diffused responsibility and accountability and made it almost impossible to measure performance by anyone, anywhere. Looking at 492 categories of federal assistance, of which public transportation was just one segment, the ACIR concluded the overall system "was beyond the comprehension of both elected officials and the citizenry, as well as generalists and program specialists."

Another ACIR observation was that: "No effort to standardize and simplify grant administration can succeed if the substance of what is to be standardized and simplified is not dealt with."

The following excerpts are taken from a July 1980 publication by the organization entitled "A Crisis of Confidence and Competence" that summarized one phase of the ACIR's lengthy study:

"The root problem, then, is that, in intergovernmental programs, no level bears full administrative responsibility for the use of public funds . . .

"The major capital grant programs (for the construction of mass transit, hospitals, and waste treatment facilities) may be inherently inefficient. They seem to encourage excessive capital spending, which the national government aids, and lower outlays for maintenance and operations, the costs of which are borne chiefly by local taxpayers.

"Critics also charge that many social programs deal with matters that are not truly of national concern. Charles L. Schultze believes that many categorical grants:

> . . . probably serve no major national purpose but simply reflect the substitution of the judgment of federal legislators and agency officials for that of state and local officials about what specific services should be available. No one can say, a priori, who is the wiser. But there seems little reason not to leave this kind of judgment to state or local officials, who are much closer to the people being served, and much merit in consolidating these numerous grants into a few broad groups supporting the delivery of educational and social services at the state and local level, with discretion for the precise allocation of funds left to the recipient government . . .

"A fourth aspect of the controversy regarding the status of American federalism concerns the effectiveness of the representative process itself. Many concerned critics believe that there has been a substantial weakening in the responsiveness of government and its accountability to the public at large. Government, they believe, is growing—or has grown—out of effective democratic control.

"This problem is perhaps less intergovernmental than supragovernmental. Although each governmental level is affected to some degree, the problems do not arise wholly from shared programs. Yet the issue is quite intimately connected with questions of federalism, the transformation of federal responsibilities in recent decades, and the resulting increasing complexity of the system. . . .

"There are, in summary, four strong reasons for concern about the present status of American federalism, and especially the unprecedented role of the national government that has evolved since 1960. These pertain to problems of administration, effectiveness, cost, and accountability. Each has been identified as an area of serious shortcoming by concerned scholars, public officials, and the citizenry at large. Together these four problem areas suggest the need for a thoroughgoing reconsideration, reaffirmation, or redefinition of public purposes and responsibilities within the American system."

○